

**Company Registration No. 3264005 (England and Wales)**

**RIDGEWAY FILMS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2005**



# **RIDGEWAY FILMS LIMITED**

## **COMPANY INFORMATION**

<b>Directors</b>	I. Fishman E. A. Gaines M. V. Heap
<b>Secretary</b>	I. Fishman
<b>Company Number</b>	3264005
<b>Registered Office</b>	58-60 Berners Street London W1T 3JS
<b>Auditors</b>	KPMG Audit Plc 8 Salisbury Square London EC4Y 8BB

# **RIDGEWAY FILMS LIMITED**

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# **RIDGEWAY FILMS LIMITED**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2005***

The Directors present their report and financial statements for the year ended 31 December 2005.

#### **Principal Activities and Review of the Business**

The principal activity of the Company is the commercialisation of children's characters and brands.

#### **Results and Dividends**

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

The Directors do not recommend the payment of a dividend (2004: £nil).

#### **Directors**

The Directors who served during the year are:

I. Fishman  
E. A. Gaines  
M. V. Heap

#### **Directors' Interests**

The Directors' interests in the shares of the Company were as stated below:

	<b>Ordinary Shares of 50p Each</b>	
	<b>31 December 2005</b>	<b>1 January 2005</b>
I. Fishman	-	-
E. A. Gaines	-	-
M. V. Heap	-	-

The Directors' interests in the shares of the ultimate parent company, Entertainment Rights Plc, are disclosed in that company's financial statements.

#### **Auditors**

In accordance with Section 385 of the Company Act 1985 a resolution to re-appoint KPMG Audit Plc as auditors is to be proposed at the forthcoming Annual General Meeting.

# **RIDGEWAY FILMS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2005**

### **Statement of Directors' Responsibilities in respect of the Directors' Report and the financial statements**

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

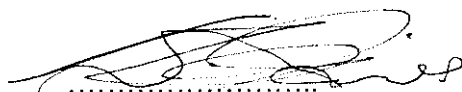
The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They 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.

On behalf of the Board



**E. A. Gaines**  
**Director**

**31 October 2006**

## **Independent Auditors' Report to the Members of Ridgeway Films Limited.**

We have audited the financial statements of Ridgeway Films Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Directors and Auditors**

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

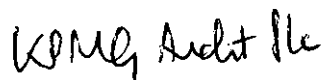
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



**KPMG Audit Plc**  
*Chartered Accountants*  
*Registered Auditor*

31 October 2006

London

## **RIDGEWAY FILMS LIMITED**

### **PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005**

	Notes	2005 £	2004 £
<b>Turnover</b>	<b>1,2</b>	631	24,352
Cost of sales		(16,541)	(36,952)
<b>Gross loss</b>		<u>(15,910)</u>	<u>(12,600)</u>
Administrative expenses		<u>(9,080)</u>	<u>(11,942)</u>
<b>Loss on ordinary activities before taxation</b>	<b>3</b>	(24,990)	(24,542)
Tax on loss on ordinary activities	<b>4</b>	<u>7,497</u>	<u>7,362</u>
<b>Retained loss for the year</b>	<b>9,10</b>	<u><u>(17,493)</u></u>	<u><u>(17,180)</u></u>

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

There are no recognised gains and losses in either the current or prior year other than those passing through the profit and loss account. Consequently, a statement of total recognised gains and losses has not been prepared.

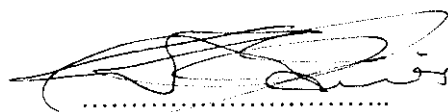
# RIDGEWAY FILMS LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2005

	Notes	2005 £	2004 £
<b>Fixed assets</b>			
Intangible assets	5	<u>190,897</u>	<u>205,405</u>
<b>Current assets</b>			
<b>Debtors:</b>			
-amounts falling due within one year	6	67,439	-
-amount falling due after more than one year	6	<u>-</u>	<u>31,714</u>
		67,439	31,714
<b>Creditors: amounts falling due within one year</b>	7	(88,243)	-
<b>Net current assets</b>		<u>(20,804)</u>	<u>31,714</u>
<b>Total assets less current liabilities</b>		<u>170,093</u>	<u>237,119</u>
<b>Creditors: amounts falling due after more than one year</b>		-	(49,533)
<b>Net assets</b>		<u>170,093</u>	<u>187,586</u>
<b>Capital and reserves</b>			
Called up share capital	8	167,500	167,500
Share premium account	9	167,500	167,500
Profit and loss account	9	<u>(164,907)</u>	<u>(147,414)</u>
<b>Equity shareholders' funds</b>	10	<u>170,093</u>	<u>187,586</u>

The notes on pages 6 to 10 form part of these financial statements.

The financial statements were approved by the Board of Directors on 31 October 2006 and signed on its behalf by:



E. A. Gaines  
Director



# **RIDGEWAY FILMS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005**

### **1. Accounting Policies**

#### **1.1 Basis of accounting**

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. A summary of significant accounting policies applied is set out below.

#### **1.2 Adopted Financial Standards**

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date';
- the presentation requirements of FRS 25 'Financial instruments: presentation and disclosure'; and
- FRS 28 'Corresponding amounts'.

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption. FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985.

The adoption of FRS 21 and FRS 25 has no effect upon the Company's profit or net assets.

#### **1.3 Going concern**

The ultimate parent company will continue to provide financial and other support to the company for at least the next twelve months and thereafter for the foreseeable future to enable the company to meet its liabilities as they fall due. Accordingly, a going concern basis for the preparation of the financial statements has been adopted.

#### **1.4 Turnover**

##### *Television Distribution*

Income recognised represents the value of licence fees including withholding tax but excluding Value Added Tax. The Company's policy is to recognise the income and associated royalty payable when all of the following criteria are met:

- (a) A licence agreement has been signed by both parties
- (b) The arrangement is fixed and determinable
- (c) Collection of the arrangement fee is reasonably assured; and
- (d) Delivery to the broadcaster has occurred.

Where the licence is for an owned series in production, but not completed at the year end, it is recognised in the proportion that costs to date bear to the total estimated programme production costs.

Any licence fees received in advance, which do not meet all of the above criteria, are included in deferred income until the above criteria are met.

# RIDGEWAY FILMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 1.5 Trademarks and copyrights

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 area associated with an acquired right, title or trademark are capitalised and amortised over their estimated useful lives, but no longer than 20 years. The estimated useful lives for determining the amortisation charge is reviewed annually and any further provision for permanent impairment is charged against profit in the year concerned. In respect of internally generated publishing rights, titles and trademarks only the external costs incurred of securing the trademarks are capitalised. All other internal costs are written off to the profit and loss account when incurred.

### 1.6 Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided on all timing differences, without discounting, which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

### 1.7 Related parties

Under FRS 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.

### 1.8 Joint arrangement

The Company was incorporated for the purposes of trading through a joint arrangement “The Tidings Film and Television Partnership” for the production of The Tidings Films. The Company has a 25% share in partnership profits and losses and accounts for its own share of its assets, liabilities and cashflows in the joint arrangement.

### 1.9 Cash flow statement

As the ultimate parent 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 cash flow statement, as permitted by FRS 1.

## 2. Turnover

The total turnover of the Company for the year has been derived from its principal activity wholly originating in the United Kingdom and predominantly destined for the United Kingdom.

3. Loss on ordinary activities before taxation	2005 £	2004 £
Loss on ordinary activities before taxation is stated after charging:		
Amortisation of intangible assets	<u>14,508</u>	<u>36,952</u>

Directors’ and auditors’ remuneration is paid by the ultimate parent company.

# RIDGEWAY FILMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 4. Taxation

	2005 £	2004 £
<b>(a) Analysis of taxation charged in the period</b>		
Current tax		
Consideration received for Group relief	(7,497)	(7,362)
<b>Total taxation on loss on ordinary activities</b>	<b>(7,497)</b>	<b>(7,362)</b>
	2005 £	2004 £
<b>(b) Factors affecting tax charge for the period</b>		
Loss on ordinary activities before taxation	(24,990)	(24,542)
<b>Loss chargeable to corporation tax multiplied by standard rate of UK corporation tax of 30% (2004:30%)</b>	<b>(7,497)</b>	<b>(7,362)</b>
Effects of:		
Group relief surrendered	7,497	7,362
Consideration received for Group relief	(7,497)	(7,362)
<b>Current tax credit for the period (Note 4 (a))</b>	<b>(7,497)</b>	<b>(7,362)</b>
<b>(c) Factors that may affect future tax charges</b>		
The Company has £106,000 (2004: £106,000) of tax losses that may be available for relief against future trading profits.		

### 5. Intangible fixed assets

	Trademarks and copyrights
<b>Cost</b>	
At 1 January 2005 & 31 December 2005	313,966
<b>Amortisation</b>	
At 1 January 2005	108,561
Charge for the year	14,508
At 31 December 2005	123,069
<b>Net book value</b>	
At 31 December 2005	190,897
At 31 December 2004	205,405

### 6. Debtors

	2005 £	2004 £
<b>Amounts falling due within one year</b>		
Amounts due from Group undertakings	67,439	-
<b>Amounts falling due after more than one year</b>		
Amounts due from Group undertakings	-	31,714

# RIDGEWAY FILMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

<b>7. Creditors</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year</b>		
Amounts due to Group undertakings	88,243	-
<b>Amounts falling due after more than one year</b>		
Amounts due to Group undertakings	-	49,533

Amounts owed to group undertakings are unsecured, interest free and have no fixed repayment date.

<b>8. Share capital</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
335,000 Ordinary shares of 50p each	167,500	167,500
<b>Allotted called up and fully paid</b>		
335,000 Ordinary shares of 50p each	167,500	167,500

<b>9. Statement of movements on reserves</b>	<b>Share premium account</b>	<b>Profit and loss account</b>
	<b>£</b>	<b>£</b>
Balance at 1 January 2005	167,500	(147,414)
Retained loss for the year	-	(17,493)
Balance at 31 December 2005	167,500	(164,907)

<b>10. Reconciliation of movements in shareholders' funds</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Retained loss for the year	(17,493)	(17,180)
Opening shareholders' funds	187,586	204,766
Closing shareholders' funds	170,093	187,586

### 11. Contingent liabilities

There were no contingent liabilities at 31 December 2005 or 31 December 2004.

### 12. Capital commitments

There were no capital commitments at 31 December 2005 or 31 December 2004.

# **RIDGEWAY FILMS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005**

### **13. Employees**

There were no employees during the year (2004: nil) apart from the Directors.

### **14. Ultimate parent undertaking**

The immediate parent undertaking is The Richard Digance Card Company Limited, a company incorporated in England and Wales.

The ultimate parent undertaking and controlling related party is Entertainment Rights Plc, a company incorporated in England and Wales.

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.