

# **Miramax Films(UK)Limited**

**(Formerly Miramax HAL Films Limited and 3088<sup>th</sup> Single  
Member Shelf Trading Company Limited)**

**(Registered Number: 3483980)**

## **Directors' Report and Financial Statements Period Ended 30 September 1998**



# **Miramax Films(UK)Limited**

## **Directors' Report for the Period Ended 30 September 1998**

The directors present their report and financial statements for the nine months ended 30 September 1998 from the date of incorporation (see below).

### **Principal Activities and Business Review**

The Company was incorporated on 19 December 1997 as 3088<sup>th</sup> Single Member Shelf Company Limited and changed its name to Miramax HAL Films Limited on 3 February 1998. It changed its name again to Miramax Films(UK)Limited on 14 April 2000.

The Company and its wholly owned subsidiaries ("the Group") are engaged in the business of developing and producing feature films. During the period the Group commenced full production of two feature films 'Mansfield Park' and 'Elephant Juice'. These films were incomplete at the period end and hence all production expenditure has been carried forward until the Group has fulfilled its obligation in full. It is envisaged that these activities will continue to be provided in future years.

### **Results and Dividends**

The retained profit for the period amounted to £28,776. The directors do not recommend the payment of a dividend.

### **Directors and their Interests**

The directors who held office during the period, and subsequent changes were:

Loviting Limited	(appointed 19 December 1997, resigned 21 January 1998)
Sergeants' Inn Nominees Limited	(appointed 19 December 1997, resigned 21 January 1998)
PB Hoving	(appointed 21 January 1998, resigned 11 February 2000)
D Aukin	(appointed 21 January 1998, resigned 11 February 2000)
CD Leventhal	(appointed 21 January 1998, resigned 11 February 2000)
H Weinstein	(appointed 21 January 1998)
B Weinstein	(appointed 21 January 1998)
S Ford	(appointed 12 February 2000)

None of the directors had any interests in the shares of the Company or its fellow subsidiaries during the period, which requires notification of the Company in accordance with the provisions of Section 324 of the Companies Act 1985.

### **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 the group at the end of the period under review and of the profit or loss 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 being 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 group will continue in business.

# Miramax Films(UK)Limited

## Directors' Report for the Period Ended 30 September 1998 (Continued)

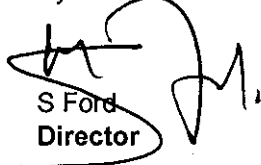
### Directors' Responsibilities

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

PricewaterhouseCoopers, who were appointed auditors on 16 June 1999, have indicated their willingness to continue in office. A resolution for their re-appointment as auditors will be proposed at the Annual General Meeting.

By order of the Board

  
S Ford  
Director

16 February 2001

## Auditors' Report To The Members Of Miramax Films(UK)Limited

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 8 and 9.

### Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on pages 1 and 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### 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.

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PricewaterhouseCoopers is the successor partnership to the UK firms of Price Waterhouse and Coopers & Lybrand. The principal place of business of PricewaterhouseCoopers and its associate partnerships, and of Coopers & Lybrand, is 1 Embankment Place, London WC2N 6RH. The principal place of business of Price Waterhouse is Southwark Towers, 32 London Bridge Street, London SE1 9SY. Lists of the partners' names are available for inspection at those places.

All partners in the associate partnerships are authorised to conduct business as agents of, and all contracts for services to clients are with, PricewaterhouseCoopers. PricewaterhouseCoopers is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

**Auditors' Report To The Members Of  
Miramax Films(UK)Limited** (Continued)

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company and the Group's affairs as at 30 September 1998 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers*

**PricewaterhouseCoopers**  
Chartered Accountants and Registered Auditors  
1 Embankment Place  
London WC2N 6RH

16 February 2001

# Miramax Films(UK)Limited

## Consolidated Profit And Loss Account For The Nine Month Period Ended 30 September 1998

	Notes	1998 £
Turnover	1	790,837
Cost Of Sales		-
<b>Gross Profit</b>		<b>790,837</b>
Administrative expenses		(783,337)
<b>Operating Profit</b>		<b>7,500</b>
Interest receivable	3	34,203
<b>Profit On Ordinary Activities Before Taxation</b>	<b>3</b>	<b>41,703</b>
Taxation on profit on ordinary activities	6	(12,928)
<b>Retained Profit For The Period</b>	<b>16</b>	<b>28,775</b>

There company had no recognised gains or losses in the period other than those reflected in the profit and loss account above.

The results relate to continuing activities.

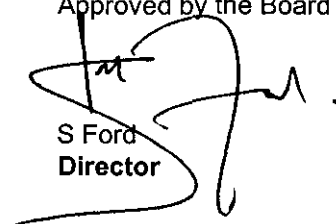
The notes on pages 8 to 14 form an integral part of these financial statements.

# Miramax Films(UK)Limited

## Consolidated Balance Sheet As At 30 September 1998

	Notes	1998 £
<b>Fixed Assets</b>		
Tangible assets	8	121,207
Investments	9	-
		<b>121,207</b>
<b>Current Assets</b>		
Work in progress	10	4,906,504
Debtors	11	567,464
Cash at bank and in hand		1,901,034
		<b>7,375,002</b>
<b>Creditors: Amounts Falling Due Within One Year</b>	12	<b>(918,870)</b>
<b>Net Current Assets</b>		<b>6,456,132</b>
<b>Total Assets Less Current Liabilities</b>		<b>6,577,339</b>
<b>Creditors: Amounts Falling Due After More Than One Year</b>	13	<b>(6,548,563)</b>
		<b>28,776</b>
<b>Capital and Reserves</b>		
Called up share capital	15	1
Profit and loss account	16	28,775
<b>Equity Shareholders' Funds</b>	17	<b>28,776</b>

Approved by the Board of Directors on 16 February 2001 and signed on its behalf by:

  
S Ford  
Director

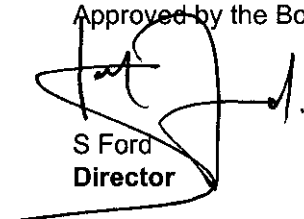
The notes on pages 8 to 14 form an integral part of these financial statements.

# Miramax Films(UK)Limited

## Company Balance Sheet As At 30 September 1998

	Notes	1998 £
<b>Fixed Assets</b>		
Tangible assets	8	121,207
Investments	9	20
		<b>121,227</b>
<b>Current Assets</b>		
Work in progress	10	421,845
Debtors	11	5,209,631
Cash at bank and in hand		983,184
		<b>6,614,660</b>
<b>Creditors: Amounts Falling Due Within One Year</b>	12	<b>(158,548)</b>
<b>Net Current Assets</b>		<b>6,456,112</b>
Total Assets Less Current Liabilities		<b>6,577,339</b>
<b>Creditors: Amounts Falling Due After More Than One Year</b>	13	<b>(6,548,563)</b>
		<b>28,776</b>
<b>Equity Capital and Reserves</b>		
Called up share capital	15	1
Profit and loss account	16	28,775
<b>Total Shareholders' Funds</b>	17	<b>28,776</b>

Approved by the Board of Directors on 16 February 2001 and signed on its behalf by:

  
 S Ford  
 Director

The notes on pages 8 to 14 form an integral part of these financial statements.



# Miramax Films(UK)Limited

## Notes To The Financial Statements For The Period Ended 30 September 1998

### 1 Accounting Policies

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

#### a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

#### b) Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost. Provision against the value of investments is only made where, in the opinion of the directors, there is a permanent diminution in the value of the investment.

#### c) Turnover

Turnover represents production fees receivable, and fees receivable for reimbursable overhead and development expenditure, and is stated net of VAT.

#### c) Work in Progress

Work in progress consists of costs incurred in respect of feature films in production and in development and are carried forward to the extent that they are considered to be recoverable in future periods. Work in progress is stated at the lower of cost or net realisable value.

#### d) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis at rates estimated to write off the cost of the assets over their estimated useful lives. The principal annual rates in use are:

Leasehold improvements	-	Over useful life or remaining term of the lease (3 years), whichever is shorter
Office equipment, furniture, fixtures and fittings	-	10 years
Office computers	-	3 years

#### e) Deferred taxation

No provision is made for deferred taxation arising from the allocation for taxation purposes of income and expenditure to periods different from those used for accounting purposes, unless such timing differences are likely to give rise to a taxation liability in the foreseeable future.

# Miramax Films(UK) Limited

## Notes To The Financial Statements For The Period Ended 30 September 1998 (Continued)

### 1 Accounting Policies (Continued)

#### f) Foreign currencies

Assets and liabilities in foreign currencies are expressed in sterling at the appropriate rates ruling at the balance sheet date. Transactions in foreign currencies are translated at the rates ruling at the dates of the transactions. All foreign exchange gains or losses are taken to the profit and loss account.

#### g) Cash flow statement

At the period-end, the cash flows of the Group were included in the consolidated financial statements of The Walt Disney Company Inc., which are publicly available. Consequently, the Group is exempt under the terms of Financial Reporting Standard Number 1 "Cash Flow Statements" from preparing a consolidated cash flow statement.

#### h) Pensions

The Group does not generate a corporate pension scheme. However it does make contributions to personal pension schemes for certain employees contributions are charged as they fall due.

#### i) Operating leases

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

### 2 Segmental Reporting

The Company and Group's activities consist solely of film development and production activities in the United Kingdom.

### 3 Profit On Ordinary Activities Before Taxation

The profit on ordinary activities before taxation is stated after charging:

	1998 £
Wages and salaries (note 5)	330,414
Depreciation of tangible fixed assets	8,096
Operating lease rentals - land and buildings	38,700
Bank interest receivable	34,203
Auditors' remuneration - audit fees	25,000
- non audit fees	-
Exchange loss/(gain)	7,764

# Miramax Films(UK)Limited

## Notes To The Financial Statements For The Period Ended 30 September 1998 (Continued)

### 4 Directors' Emoluments

The aggregate emoluments paid to Directors was:	1998
	£
Aggregate emoluments	1,606,009
Company contributions paid to money purchase pension schemes	5,000
	<hr/>
	1,611,009

The highest paid director received:	1998
	£
Aggregate emoluments	553,242
Company contributions paid to money purchase pension schemes	-
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	553,242

The emoluments of the directors in respect of qualifying services are paid directly by a parent undertaking, and not borne by the Company.

### 5 Employees

The average number of employees of the company for the period was 12.

The aggregate employee costs for the period were as follows:

	1998
	£
Wages and salaries	291,630
Social security costs	28,784
Other pension costs	10,000
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	330,414

### 6 Taxation On Profit on Ordinary Activities

	1998
	£
UK Corporation Tax at 31%	12,928
Deferred taxation	-
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	12,928

# Miramax Films(UK)Limited

## Notes To The Financial Statements For The Period Ended 30 September 1998 (Continued)

### 7 Parent Company Profit And Loss Account

The Company, Miramax Films(UK)Limited, has not presented a profit and loss account as permitted by section 230 (1) of the Companies Act 1985. The retained profit of the Company for the period is £28,775.

### 8 Tangible Fixed Assets – Group and Company

	Leasehold Improvements £	Furniture And Fixtures £	Computer Equipment £	Total £
<b>Cost</b>				
At 19 December 1997	-	-	-	-
Additions	95,518	14,144	19,641	129,303
<b>At 30 September 1998</b>	<b>95,518</b>	<b>14,144</b>	<b>19,641</b>	<b>129,303</b>
<b>Depreciation</b>				
At 19 December 1997	-	-	-	-
Charge for the period	5,023	354	2,719	8,096
<b>At 30 September 1998</b>	<b>5,023</b>	<b>354</b>	<b>2,719</b>	<b>8,096</b>
<b>Net book amount</b>				
<b>At 30 September 1998</b>	<b>90,495</b>	<b>13,790</b>	<b>16,922</b>	<b>121,207</b>
At 19 December 1997	-	-	-	-

### 9 Investments - Company

	1998 £
<b>Cost:</b>	
Shares in subsidiary undertakings	20

Details of the subsidiary undertakings are as follows:

Subsidiary undertaking	Country of Registration/ Incorporation	Ordinary share capital
Miramax/HAL Films (Mansfield Park) Limited	England and Wales	100%
Miramax/HAL Films (Elephant Juice) Limited	England and Wales	100%

Both subsidiaries are involved in feature film production in the United Kingdom.

# Miramax Films(UK) Limited

## Notes To The Financial Statements For The Period Ended 30 September 1998 (Continued)

### 10 Work in Progress

	Group 1998 £	Company 1998 £
Theatrical films - development and production costs	4,906,504	421,845

### 11 Debtors

	Group 1998 £	Company 1998 £
Trade debtors	41,713	41,713
Amounts owed by group undertakings	1	4,980,897
VAT recoverable	389,764	71,964
Other debtors	10,308	98
Prepayments and accrued income	125,678	114,958
	567,464	5,209,631

### 12 Creditors: Amounts Falling Due Within One Year

	Group 30 September 1998 £	Company 30 September 1998 £
Trade creditors	524,505	29,910
Amounts due to group undertakings	12,609	12,629
Other creditors including taxation and social security	190,713	17,731
Corporation tax creditor	12,928	12,928
Accruals and deferred income	178,115	85,350
	918,870	158,548

### 13 Creditors: Amounts Falling Due After More Than One Year

	Group 1998 £	Company 1998 £
Production Advances:		
- Amounts due to group undertakings	4,663,886	4,663,886
- Amounts due to third parties	309,511	309,511
Amounts due to group undertakings	1,540,166	1,540,166
Accruals deferred income	35,000	35,000
	6,548,563	6,548,563

# Miramax Films(UK)Limited

## Notes To The Financial Statements For The Period Ended 30 September 1998 (Continued)

### 14 Financial Commitments

#### (a) Capital Commitments

The Group had £37,848 of capital expenditure commitments relating to fixed assets at the end of the period (Company: £3,848). There are no capital commitments which have been authorised but not committed at year end (Company: £Nil).

#### (b) Operating Lease Commitments

At 30 September 1998 the Group was committed to making the following payments in the next year in respect of operating leases:

	1998 £
Land and Buildings:	
Expiring between 2 and 5 years	77,400

### 15 Called Up Share Capital

	1998 £
Authorised: 100 ordinary shares of £1 each	100
Allotted and fully paid: 1 ordinary share of £1 each	1

### 16 Reserves

#### Group and Company

	Profit and Loss Account £	Total £
At 19 December 1997	-	-
Retained profit for the period	28,775	28,775
At 30 September 1998	28,775	28,775

# Miramax Films(UK)Limited

## Notes To The Financial Statements For The Period Ended 30 September 1998 (Continued)

### 17 Reconciliation Of Movements In Shareholder's Funds

	Group £	Company £
Profit for the period	28,775	28,775
Issue of ordinary share capital	1	1
Net increase in shareholders' funds	28,776	28,776
Shareholders' funds as at 19 December 1997	-	-
<b>Equity shareholders' funds as at 30 September 1998</b>	<b>28,776</b>	<b>28,776</b>

### 18 Ultimate Parent Undertaking and Financial Support.

The immediate parent undertaking is Miramax Film Corp. The ultimate parent undertaking and controlling party is The Walt Disney Company Inc., incorporated in the United States of America. Copies of the consolidated financial statements of this group may be obtained from 500 South Buena Vista Street, Burbank, California 91521, United States of America.

The Walt Disney Company Inc. is also the largest and smallest group for which consolidated financial statements are prepared and of which the company is a member.

Miramax Film Corp. has indicated its current intention to continue to support the activities of the company, including providing the means to enable it to meet its liabilities as they fall due.

### 19 Related Party Transactions

The Company is a wholly owned subsidiary of the ultimate parent company and utilises the exemption contained in FRS 8, Related Party Disclosures, not to disclose any transactions with entities that are included in the financial statements of the ultimate parent company. The address at which the consolidated financial statements of the ultimate parent company are publicly available is included in note 18.