

Cloud 9 (The Tribe) Limited  
REPORT AND FINANCIAL STATEMENTS

period ended 30 September 1999



# Cloud 9 (The Tribe) Limited

## DIRECTORS AND OFFICERS

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### DIRECTORS

RW Thompson  
AJ Taylor  
MD Miller  
A Najeeb

### COMPANY SECRETARY

City Group Limited  
SEA Standing

### REGISTERED OFFICE

Sanctuary House  
45-53 Sinclair Road  
London W14 0NS

### AUDITORS

Baker Tilly  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

# Cloud 9 (The Tribe) Limited

## DIRECTORS' REPORT

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The directors submit their report and the financial statements of Cloud 9 (The Tribe) Limited for the period from incorporation to 30 September 1999.

### INCORPORATION

The company was incorporated on 19 June 1998 and commenced trading in September 1998.

### PRINCIPAL ACTIVITIES

The principal activity of the company was TV and film production.

### REVIEW OF THE BUSINESS

The company had a good trading period and the directors are confident of the future prospects.

### RESULTS AND DIVIDENDS

The trading profit for the period before taxation was £633,901.

The directors do not recommend the payment of a dividend. The profit for the financial period will be carried forward.

### DIRECTORS AND THEIR INTERESTS

The following directors have held office during the period:

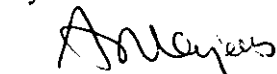
London Law Services Limited	(appointed 19 June 1998; resigned 19 June 1998)
AJ Taylor	(appointed 19 June 1998)
MD Miller	(appointed 19 June 1998)
A Najeeb	(appointed 19 June 1998)
RW Thompson	(appointed 19 June 1998)

A J Taylor, A Najeeb and M D Miller are also directors of the ultimate parent company, The Sanctuary Group PLC. Details of their shareholdings in that company are given in its statutory accounts. The directors held no other shares in any of the other group companies.

### AUDITORS

A resolution to appoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board



A Najeeb  
Director

31 Jan 2000

# Cloud 9 (The Tribe) Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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Company law requires the directors to prepare financial statements for each financial period 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 year. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 to enable them to ensure that the financial statements comply with the requirements of 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.

## AUDITORS' REPORT TO THE MEMBERS OF CLOUD 9 (THE TRIBE) LIMITED

We have audited the financial statements on pages 5 to 10.

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

As described on page 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 the company's affairs at 30 September 1999 and of its profit for the period from 19 June 1998 to 30 September 1999, and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY

Registered Auditors  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

31 Jan 2000

# Cloud 9 (The Tribe) Limited

## PROFIT AND LOSS ACCOUNT

for the period ended 30 September 1999

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	<i>Notes</i>	1999 £
TURNOVER	1	4,242,371
Cost of sales		(3,608,452)
Gross profit		<u>633,919</u>
Administrative expenses		-
OPERATING PROFIT		<u>633,919</u>
Interest payable and similar charges	2	(18)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>633,901</u>
Taxation	5	(194,036)
RETAINED PROFIT/(LOSS) FOR THE PERIOD	10	<u><u>439,865</u></u>

The operating profit for the period arises from the company's continuing operations.

Movements in shareholders' funds are shown in note 11. To the financial statements.

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

# Cloud 9 (The Tribe) Limited

## BALANCE SHEET

30 September 1999

	Notes	1999 £
FIXED ASSETS		
Intangible assets	6	3,153,249
CURRENT ASSETS		
Debtors - amounts falling due within one year	7	1,073,444
Cash at bank and in hand		638,524
		1,711,968
CREDITORS: Amounts falling due within one year	8	(1,925,350)
NET CURRENT LIABILITIES		(213,382)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,939,867
Creditors: Amounts falling due after more than one year	8	(2,500,000)
NET ASSETS		439,867
CAPITAL AND RESERVES		
Called up share capital	9	2
Profit and loss account	10	439,865
EQUITY SHAREHOLDERS' FUNDS		439,867

Approved by the board on 31 Jan 2000

A Najeeb  Director

# Cloud 9 (The Tribe) Limited

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

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

### GOING CONCERN

The company relies on the continued support of its ultimate parent company, The Sanctuary Group PLC. The directors continue to adopt the going concern concept in preparing the financial statements.

### TURNOVER

Turnover represents the invoiced value, (exclusive of Value Added Tax), of goods sold and services provided during the year.

Creation and packaging fees are recognised when received. Costs incurred by the company in supervising the production and fees paid for the role are taken to the profit and loss accounts as incurred.

Royalty income is recognised when sales of film and television productions exceed the costs of each production and interest accrued on loans. Sales are recognised when the distributor enters into a contract with an end user.

### INTANGIBLE FIXED ASSETS

Screen production catalogues arising on acquisitions made after 30 September 1998 are capitalised and amortised over the directors' estimate of their expected useful life, ranging from 5 to 20 years in accordance with FRS 10. Estimates of expected useful life are based on the future earnings potential of the asset. Amortisation of screen productions commences after the underlying property has been completed and delivered.

Intangible assets are reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Trademarks are carried at cost less provision for any permanent diminution in value.

### DEFERRED TAXATION

Deferred taxation is provided on timing differences arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

### 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 rate ruling at that date. These translation differences are dealt with in the profit and loss account.



# Cloud 9 (The Tribe) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 September 1999

### 1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover represents amounts derived from the principal activity of the company and arise within the European Union.

2	INTEREST PAYABLE	1999 £
	Bank interest	18

### 3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

1999  
£

Profit on ordinary activities before taxation is stated after charging:

Auditors' remuneration - audit fees

-

Amortisation of intangible fixed assets

68,000

Audit fees are borne by another group company.

### 4 EMPLOYEES

The company did not employ any staff during the course of the year.

5	TAXATION	1999 £
	Tax based on profit for the period	194,036

### 6 INTANGIBLE FIXED ASSETS

	Trademarks £	Screen productions catalogue £	Total £
Cost			
Additions	6,919	3,214,330	3,221,249
30 September 1999	6,919	3,214,330	3,221,249
Amortisation			
Amortisation for the period	-	68,000	68,000
30 September 1999	-	68,000	68,000
Net book value			
30 September 1999	6,919	3,146,330	3,153,249

**Cloud 9 (The Tribe) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the period ended 30 September 1999

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7	DEBTORS	1999 £
	Due within one year:	
	Trade debtors	297,256
	Amounts owed by other group undertakings	328,393
	Other debtors	22,258
	Prepayments and accrued income	425,537
		<u>1,073,444</u>

8	CREDITORS: Amounts falling due within one year	1999 £
	Trade creditors	38,655
	Other taxation and social security	152,739
	Accruals and deferred income	274,279
	Corporation tax	194,036
	Other creditors	1,265,641
		<u>1,925,350</u>

CREDITORS: Amounts falling due after more than one year:

Specific loans in respect of screen productions	<u>2,500,000</u>
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Specific loans in respect of screen productions of £2,500,000 are secured by fixed and floating charges on the assets of the company. These loans are repayable in four equal annual instalments on 3 September 2002, 2003, 2004 and 2005 and carry interest at 5.5% above LIBOR.

9	SHARE CAPITAL	1999 £
	Authorised:	
	100 ordinary shares of £1 each	100
	Issued and fully paid:	
	2 ordinary shares of £1 each	<u>2</u>

The company was incorporated with a share capital of 2 ordinary shares of £1 each.

10	PROFIT AND LOSS ACCOUNT	1999 £
	Profit for the financial period	439,865
	30 September 1999	<u>439,865</u>

Cloud 9 (The Tribe) Limited  
NOTES TO THE FINANCIAL STATEMENTS  
for the period ended 30 September 1999

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11	MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS	1999 £
	The reconciliation of movements in shareholders funds is as follows:	
	Profit for the financial period	439,865
	Issue of shares	2
	Movement in shareholders' funds	<u>439,867</u>

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 at 30 September 1999 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.