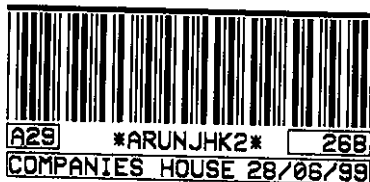


WINSAFE LTD

**REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 JULY 1998**

REGISTERED NUMBER: 2027470



WINSAFE LTD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 1998

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WINSAFE LTD

**COMPANY INFORMATION
AS AT 31 JULY 1998**

DIRECTOR

P A Virgo Esq

SECRETARY

Mrs M J M Virgo

REGISTERED OFFICE

15 Chestnut Road
London
SE27 9EZ

ACCOUNTANTS

Michael Stern & Co
61 Shalimar Gardens
Acton, W3 9JG

WINSAFE LTD

DIRECTOR'S REPORT

The director presents his annual report with the financial statements of the company for the year ended 31 July 1998.

PRINCIPAL ACTIVITIES

The principal activity of the company in the year under review was that of Advisors on Information Technology.

DIRECTOR AND HIS INTERESTS

The director in office in the year and his beneficial interest in the company at the balance sheet date and the beginning of the year (or on appointment if later) were as follows:

		Number of Shares	
		1998	1997
P A Virgo Esq	Ordinary	76	76

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed by:

Marjorie JM Virgo

Mrs M J M Virgo
Secretary

Date: 25/04/99

WINSAFE LTD**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 1998**

	Notes	1998 £	1997 £
TURNOVER		83,318	81,244
Administrative expenses		67,022	72,388
OPERATING PROFIT	2	16,296	8,856
Investment income and interest receivable		1,247	691
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		17,543	9,547
Tax on profit on ordinary activities	5	(3,842)	(1,876)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		13,701	7,671

THE NOTES ON PAGES 6 TO 8 FORM PART OF THESE FINANCIAL
STATEMENTS.

WINSAFE LTD**BALANCE SHEET
AT 31 JULY 1998**

	Notes	£	1998 £	£	1997 £
FIXED ASSETS					
Tangible assets	6		4,640		6,961
CURRENT ASSETS					
Cash at bank and in hand		23,846		8,954	
CREDITORS: amounts falling due within one year	7	<u>(6,696)</u>		<u>(7,826)</u>	
NET CURRENT ASSETS			17,150		1,128
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>21,790</u>		<u>8,089</u>

THE NOTES ON PAGES 6 TO 8 FORM PART OF THESE FINANCIAL STATEMENTS.

WINSAFE LTD**BALANCE SHEET
AT 31 JULY 1998**

		1998	1997
	Notes	£	£
CAPITAL AND RESERVES			
Called up share capital	8	100	100
Profit and loss account	9	21,690	7,989
TOTAL SHAREHOLDERS' FUNDS		<u>21,790</u>	<u>8,089</u>

The director has taken advantage of the exemption conferred by section 249A(1) not to have these financial statements audited and confirms that no notice has been deposited under section 249B(2) of the Companies Act 1985. The director acknowledges his responsibilities for ensuring that:

- i) The company keeps accounting records which comply with section 221 of the Companies Act 1985;
- ii) The financial statements give a true and fair view of the state of affairs of the company as at 31 July 1998 and of its profit or loss for the year then ended in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

Approved on 25/04/99 and signed by:



P A Virgo Esq
Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1998****4. PENSION COSTS****Money purchase (defined contribution) pension scheme**

The company operates a money purchase (defined contribution) pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £12,892 (1997:£25,392).

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998 £	1997 £
The taxation charge comprises:		
Corporation tax at 21% (1997 - 21%)	3,842	1,876
	<u>3,842</u>	<u>1,876</u>

6. TANGIBLE FIXED ASSETS

	Plant and machinery etc. £
Cost:	
At 1 August 1997 and at 31 July 1998	21,783
Depreciation:	
At 1 August 1997	14,822
Charge for year	2,321
At 31 July 1998	17,143
Net book value:	
At 31 July 1998	4,640
At 31 July 1997	6,961

WINSAFE LTD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1998**

7. CREDITORS: amounts falling due within one year

	1998	1997
	£	£
Taxation and social security	3,842	4,772
Other creditors	2,854	3,054
	<u>6,696</u>	<u>7,826</u>

8. SHARE CAPITAL

	1998	1997
	£	£
Authorised:		
Equity interests:		
100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
Equity interests:		
100 Ordinary Shares of £1 each, fully paid	<u>100</u>	<u>100</u>

9. PROFIT AND LOSS ACCOUNT

	1998	1997
	£	£
Retained profit as at 1 August 1997	7,989	318
Profit for the year	<u>13,701</u>	<u>7,671</u>
Retained profit as at 31 July 1998	<u>21,690</u>	<u>7,989</u>

WINSAFE LTD

ACCOUNTANTS' REPORT TO THE DIRECTORS

As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 31 July 1998 set out on pages 3 to 8 and you consider that the company is exempt from an audit and a report under section 249A(1) of the Companies Act 1985.

In accordance with your instructions we have compiled these unaudited accounts in order to assist you to fulfil your statutory responsibilities from the accounting records and information and explanations supplied to us.

.....

**Michael Stern & Co
61 Shalimar Gardens
Acton, W3 9JG**

25/04/99



Year ended 31 August 1998

Report and Financial Statements

Company Registration No. 01374809

DOLPHIN COMMUNICATIONS LIMITED

REPORT AND FINANCIAL STATEMENTS 1998

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Profit and loss account	3
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DOLPHIN COMMUNICATIONS LIMITED

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 August 1998.

ACTIVITIES

The principal activity of the company during the year was the production of privately commissioned films and associated services.

BUSINESS REVIEW

The directors consider the profit achieved on ordinary activities before taxation to be satisfactory.

RESULTS AND DIVIDENDS

The company's financial position is set out in the balance sheet on page 4.

The company made a profit for the year before taxation of £21,050. The directors do not recommend payment of a dividend. The profit after taxation of £20,690 is to be transferred to reserves.

FUTURE PROSPECTS

The directors expect the present activities to continue.

DIRECTORS

The directors who served throughout the year and their beneficial interests in the issued ordinary share capital were as follows:

Held at 31 August 1997 and 31 August 1998:		
T A Hughes	500	500
I E Hughes	500	500
	1997	1998

AUDITORS

For the year in question the company was entitled to the exemption conferred by subsection (1) of section 249A of the Companies Act 1985. Consequently, there is no audit report attached to these financial statements.

Approved by the Board of Directors on 26 June 1999 and signed on behalf of the Board

T A Hughes - Director


STATEMENT OF 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 as at the end of the financial year 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;
- * 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 Companies Act. 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.

DOLPHIN COMMUNICATIONS LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 August 1998

	1998	1997
	£	£
TURNOVER: continuing operations	155,047	43,494
Cost of sales	(125,645)	(34,750)
Gross profit	29,402	8,744
Distribution costs	-	-
Administrative expenses	(10,758)	(5,416)
OPERATING PROFIT: continuing operations	18,644	3,328
Other interest receivable and similar income	332	161
Gain on disposal of unlisted investment	2,500	-
Interest payable and similar charges	(426)	(835)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	21,050	2,654
Tax on profit on ordinary activities	(360)	(38)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	20,690	2,616
RETAINED PROFIT brought forward	24,933	22,317
RETAINED PROFIT carried forward	45,623	24,933

There are no recognised gains and losses for the current financial year and the preceding financial year other than as stated in the profit and loss account.

DOLPHIN COMMUNICATIONS LIMITED

BALANCE SHEET 31 August 1998

	1998	1997
FIXED ASSETS		
Tangible assets	3,886	3,858
CURRENT ASSETS		
Work in progress	42,900	7,000
Debtors	1,827	10,746
Investments	7,278	12,278
Cash at bank and in hand	30,373	589
	82,378	30,613
CREDITORS: amounts falling due within one year	(39,641)	(8,538)
NET CURRENT ASSETS	42,737	22,075
TOTAL ASSETS LESS LIABILITIES	46,623	25,933
CAPITAL AND RESERVES		
Called up share capital	1,000	1,000
Profit and loss account	45,623	24,933
EQUITY SHAREHOLDERS' FUNDS	46,623	25,933

For the year ended 31 August 1998 the company was entitled to the exemption conferred by subsection (1) of section 249A of the Companies Act 1985.

No notice has been deposited under subsection (2) of section 249B of the Companies Act 1985 in relation to the company's accounts for the year ended 31 August 1998.

The directors acknowledge their responsibilities for:

- (i) Ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and
- (iii) Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its profit or loss for the financial period in accordance with the requirements of the Act relating to accounts, so far as applicable to the company.

These financial statements were approved by the board of directors on 26 June 1999

T. A. Hughes - Director

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Depreciation is provided on cost in equal instalments over the estimated useful lives of the assets.

The rates of depreciation are as follows:

Plant and equipment	25% per annum reducing balance
Fixtures and fittings	25% per annum reducing balance

Investments

These are included as current asset investments and comprise primarily UK listed shares. All investments are shown at cost.

Work in progress

Work in progress is valued at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all timing differences to the extent that it is considered that a net liability may crystallise.

Leases

Rental costs under operating leases are charged to the profit and loss account in equal instalments over the periods of the leases.

DOLPHIN COMMUNICATIONS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 August 1998

2. TURNOVER

The turnover and profit before taxation is attributable to the one principal activity of the company. Turnover represents fees receivable for the year for the production of privately commissioned films and associated services, excluding value added tax.

3. OPERATING PROFIT: continuing operations

1998	1997
£	£
1,295	1,285
Operating profit is after charging (crediting):	
Depreciation of owned assets	
Rentals under operating leases	
- land and buildings	800
- plant and machinery	1,050
Gain on disposal of unlisted investment	(2,500)
	-

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The only employees during the year were the two directors.
The directors did not receive any remuneration for the year (1997 - £nil).

1998	1997
No.	No.
2	2
Average number of persons employed during the year, including directors, was as follows:	
Administration	

5. INTEREST PAYABLE AND SIMILAR CHARGES

1998	1997
£	£
426	835
Bank overdrafts and other loans repayable within five years	
426	835

DOLPHIN COMMUNICATIONS LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 August 1998

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

Based on the profit for the year:	
Corporation tax at 21% (1997 24% and 21%)	360
Tax on profit on ordinary activities has been reduced by tax relief in respect of prior years' tax losses brought forward.	38
	<u>1998</u>
	<u>1997</u>
	£

7. TANGIBLE FIXED ASSETS

	Leasehold improvements	Plant & equipment	Fixtures & fittings	Total
Cost				
At 1 September 1997	1,528	17,534	10,245	29,307
Additions in the year	-	1,324	-	1,324
Disposals in the year	(1,528)	-	-	(1,528)
At 31 August 1998	-	18,858	10,245	29,103
Accumulated depreciation:				
At 1 September 1997	1,527	14,174	9,748	25,449
Eliminated on disposals	(1,527)	-	-	(1,527)
Charge for the year	-	1,171	124	1,295
At 31 August 1998	-	15,345	9,872	25,217
Net book value:				
At 31 August 1998	-	3,513	373	3,886
At 31 August 1997	1	3,360	497	3,858

8. DEBTORS

Trade debtors	-	7,520
Other debtors	1,827	3,226
	<u>1,827</u>	<u>10,746</u>
	<u>1998</u>	<u>1997</u>
	£	£

All debtors are receivable within one year.

DOLPHIN COMMUNICATIONS LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 August 1998

9. INVESTMENTS
At cost

	1998	1997
Unlisted	7,278	12,278
Listed on the Stock Exchange	1,233	6,233
	6,045	6,045
	£	£
	1998	1997

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Bank loans and overdrafts	-	6,461
Trade creditors	34,652	1,000
Taxation and social security	2,911	296
Other creditors	307	-
Accruals and deferred income	1,771	781
	39,641	8,538
	£	£
	1998	1997

11. CALLED UP SHARE CAPITAL

Authorised:	50,000	50,000
50,000 ordinary shares of £1 each		
Allotted, called up and fully paid:	1,000	1,000
1,000 ordinary shares of £1 each		
	£	£
	1998	1997

12. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

Profit for the financial year	20,690	2,616
Opening equity shareholders' funds	25,933	23,317
Closing equity shareholders' funds	46,623	25,933
	£	£
	1998	1997

13. RELATED PARTY TRANSACTIONS

These financial statements include costs of £60,300 (1997 £24,250) being fees payable to Mr T A Hughes, a director of the company, in consideration for his services and assistance in the production of films, and related services.

14. OPERATING LEASE COMMITMENTS

At 31 August 1998 the company had no commitments to make payments during the next year in respect of operating leases.