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Company Registration No. 1154197 (England and Wales)

TRINFOLD MANAGEMENT LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 5 MARCH 2001



TRINIFOLD MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	W.G. Curbishley R. N. Rosenberg
Secretary	R. N. Rosenberg
Company number	1154197
Registered office	Acre House 11-15 William Road London NW1 3ER
Business address	12 Oval Road Camden London NW1 7DH
Auditors	H W Fisher & Company Acre House 11-15 William Road London NW1 3ER

TRINFOLD MANAGEMENT LIMITED

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TRINFOLD MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 5 MARCH 2001

The directors present their report and accounts for the year ended 5 March 2001.

Principal activities

The principal activity of the company continues to be that of involvement in the music and entertainment business.

Review of business

Both the level of business and the year end financial position were as expected in the light of current trading conditions and the directors do not anticipate any material changes in the present level of activity.

Results and dividends

The profit for the year after taxation amounted to £89,675.

Directors and their interests

The directors at 5 March 2001 and their beneficial interests in the shares of the company were:

	Ordinary shares of £ 1 each	
	5 March 2001	6 March 2000
W.G. Curbishley	100	100
R. N. Rosenberg	-	-

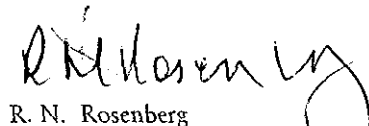
Charitable contributions

During the year the company made charitable donations of £8,391 (2000 : £3,121).

Auditors

A resolution proposing the reappointment of H W Fisher & Company as auditors will be put to the members at the next Annual General Meeting.

On behalf of the Board



R. N. Rosenberg

Director

Dated: 23/4/02

TRINIFOLD MANAGEMENT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 accounts, 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 accounts 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 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.

TRINFOLD MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accounts of Trinifold Management Limited for the year ended 5 March 2001 set out on pages 4 to 13. These accounts have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 with the company 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.

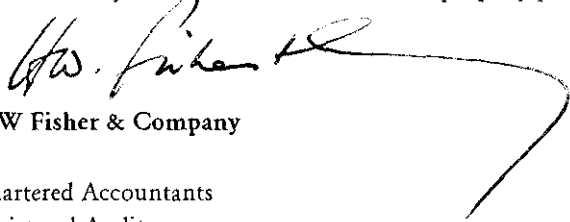
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 5 March 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



H W Fisher & Company

Chartered Accountants

Registered Auditor

Acre House

11-15 William Road

London

NW1 3ER

Dated: 23. 4. 2002

TRINIFOLD MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 5 MARCH 2001

	Notes	2001 £	2000 £
Turnover	2	3,839,933	1,504,356
Administrative expenses		(3,740,615)	(1,532,576)
Operating profit/(loss)	3	99,318	(28,220)
Other income	6	33,059	54,225
Interest payable and similar charges	7	(7,294)	(101)
Profit on ordinary activities before taxation		125,083	25,904
Tax on profit on ordinary activities	8	(35,408)	(15,115)
Profit on ordinary activities after taxation		89,675	10,789
Retained profit brought forward		194,369	183,580
Retained profit carried forward		284,044	194,369

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

There are no recognised gains and losses other than those passing through the profit and loss account.

TRINFOLD MANAGEMENT LIMITED

BALANCE SHEET AS AT 5 MARCH 2001

	Notes	2001 £	£	2000 £	£
Fixed assets					
Tangible assets	9		132,202		165,493
Current assets					
Debtors	10	887,915		805,556	
Cash at bank and in hand	11	1,356,617		415,253	
		<u>2,244,532</u>		<u>1,220,809</u>	
Creditors: amounts falling due within one year	12	<u>(2,092,590)</u>		<u>(1,191,833)</u>	
Net current assets			<u>151,942</u>		<u>28,976</u>
Total assets less current liabilities			<u>284,144</u>		<u>194,469</u>
Capital and reserves					
Called up share capital	13		100		100
Profit and loss account			<u>284,044</u>		<u>194,369</u>
Shareholders' funds - all equity interests	14		<u>284,144</u>		<u>194,469</u>

The accounts were approved by the Board on

23/4/02

W.G. Curbishley
Director



TRINIFOLD MANAGEMENT LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 5 MARCH 2001

	Notes	2001 £	2000 £
Net cash inflow/(outflow) from operating activities	15	928,706	(1,006,050)
Returns on investments and servicing of finance			
Interest received	21,515	14,225	
Interest paid	(7,294)	(101)	
Other income	-	40,000	
Net cash inflow from returns on investments and servicing of finance		14,221	54,124
Corporation tax		6,315	-
Capital expenditure			
Payments to acquire tangible fixed assets	(7,878)	(9,264)	
Net cash outflow from capital expenditure		(7,878)	(9,264)
Increase/(decrease) in cash	17	941,364	(961,190)

TRINFOLD MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 5 MARCH 2001

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention.

1.2 Turnover

Turnover represents the invoiced value of services provided net of VAT.

1.3 Tangible fixed assets and depreciation

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

Leasehold improvements	over the duration of the lease
Fixtures, fittings & equipment	25% reducing balance basis
Motor vehicles	25% reducing balance basis

1.4 Leasing

Rental payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

1.5 Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are taken to profit and loss account.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit/(loss)	2001 £	2000 £
Operating profit/(loss) is stated after charging:		
Depreciation of owned tangible fixed assets	41,169	50,811
Operating lease rentals		
- Plant and machinery	3,250	1,400
- Other assets	34,650	34,650
Auditors' remuneration	6,000	5,000

TRINFOLD MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 5 MARCH 2001

4 Directors' emoluments	2001 £	2000 £
Aggregate emoluments	<u>2,361,652</u>	<u>546,404</u>
Emoluments disclosed above include the following amounts paid to the highest paid director:		
Aggregate emoluments	<u>2,196,298</u>	<u>511,680</u>
5 Employees		
Number of employees		
The average monthly number of employees during the year was:		
	2001 Number	2000 Number
Administration	<u>10</u>	<u>9</u>
Employment costs		
	£	£
Wages and salaries	2,511,269	702,291
Social security costs	<u>295,456</u>	<u>82,777</u>
	<u>2,806,725</u>	<u>785,068</u>
6 Other income	2001 £	2000 £
Interest receivable and similar income	<u>33,059</u>	<u>54,225</u>
7 Interest payable and similar charges	2001 £	2000 £
Interest payable on:		
Late payment of tax	<u>7,294</u>	<u>101</u>

TRINIFOLD MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 5 MARCH 2001

8 Tax on profit on ordinary activities

	2001	2000
	£	£
U.K. Current year taxation		
U.K. Corporation tax at 22% (2000 - 20%)	35,408	14,915
Prior years		
U.K. Corporation tax	-	200
	<u>35,408</u>	<u>15,115</u>

9 Tangible fixed assets

	Leasehold improvements	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 6 March 2000	43,508	375,784	97,350	516,642
Additions	-	7,878	-	7,878
Disposals	-	(5,000)	-	(5,000)
At 5 March 2001	<u>43,508</u>	<u>378,662</u>	<u>97,350</u>	<u>519,520</u>
Depreciation				
At 6 March 2000	17,405	291,156	42,588	351,149
On disposals	-	(5,000)	-	(5,000)
Charge for the year	4,351	23,127	13,691	41,169
At 5 March 2001	<u>21,756</u>	<u>309,283</u>	<u>56,279</u>	<u>387,318</u>
Net book value				
At 5 March 2001	<u>21,752</u>	<u>69,379</u>	<u>41,071</u>	<u>132,202</u>
At 5 March 2000	<u>26,103</u>	<u>84,628</u>	<u>54,762</u>	<u>165,493</u>

TRINIFOLD MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 5 MARCH 2001

10 Debtors	2001	2000
	£	£
Trade debtors	178,993	206,724
Amounts owed by connected companies	25,270	51,172
Corporation tax	-	16,800
Other debtors	505,325	116,630
Prepayments and accrued income	178,327	414,230
	<u>887,915</u>	<u>805,556</u>
Amounts falling due after more than one year and included in the debtors above are:		
	2001	2000
	£	£
Other debtors falling due between one and two years	<u>100,000</u>	<u>100,000</u>
 11 Cash at bank and in hand	 2001	 2000
	£	£
Bank and cash	1,353,947	414,387
Clients designated bank accounts	2,670	866
	<u>1,356,617</u>	<u>415,253</u>
 12 Creditors: amounts falling due within one year	 2001	 2000
	£	£
Amounts owed to companies under common control	19,722	19,722
Corporation tax	51,090	26,167
Other taxes and social security costs	370,865	785,575
Other creditors	797	376
Accruals and deferred income	1,650,116	359,993
	<u>2,092,590</u>	<u>1,191,833</u>
 13 Share capital	 2001	 2000
	£	£
Authorised		
100 Ordinary shares of £ 1 each	<u>100</u>	<u>100</u>
 Allotted, called up and fully paid		
100 Ordinary shares of £ 1 each	<u>100</u>	<u>100</u>

TRINFOLD MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 5 MARCH 2001

14	Reconciliation of movements in shareholders' funds	2001 £	2000 £	
	Profit for the financial year	89,675	10,789	
	Opening shareholders' funds	194,469	183,680	
	Closing shareholders' funds	284,144	194,469	
15	Net cash inflow/(outflow) from operating activities	2001 £	2000 £	
	Reconciliation to operating profit/(loss):			
	Operating profit/(loss)	99,318	(28,220)	
	Depreciation of tangible fixed assets	41,169	50,811	
	Increase in debtors	(87,615)	(347,288)	
	Increase/(decrease) in creditors	875,834	(681,353)	
		928,706	(1,006,050)	
16	Reconciliation of net cash flow to movement in net funds	2001 £	2000 £	
	Increase/(decrease) in cash	941,364	(961,190)	
	Net funds at 6 March 2000	415,253	1,376,443	
	Net funds at 5 March 2001	1,356,617	415,253	
17	Analysis of net funds	At 6 March 2000 £	Cash flow £	At 5 March 2001 £
	Cash at bank and in hand	415,253	941,364	1,356,617
		415,253	941,364	1,356,617
18	Commitments under operating leases			
	At 5 March 2001 the company had annual commitments under non-cancellable operating leases as follows:			
			Land and buildings	
			2001	2000
			£	£
	Expiry date:			
	In over five years		84,000	34,650

The company's leases of land and buildings are subject to periodic rent review.

TRINFOLD MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 5 MARCH 2001

16 Related party transactions

Included in Other debtors are the following loans to directors:

	Amount outstanding		Maximum liability in year
	2001	2000	
	£	£	£
R Rosenberg	3,276	2,463	3,276

The Company is related to the following entities:

Estupendo Records Limited
Trinifold Music Limited
Estupendo Music Limited
Dapplestar Limited

W. Curbishley is a director and shareholder of each of the companies. R. Rosenberg is a director and shareholder of Trinifold Music Limited and Estupendo Records Limited and is a director of Estupendo Music Limited.

Transactions between the companies during the year were as follows:

	2001	2000
	£	£
Expenses incurred on behalf of Estupendo Records Limited	16,115	8,129
Expenses incurred by Estupendo Records Limited on behalf of the company	3,908	7,585
Cash received	29,375	-
	£	£
Management charge invoiced by the company to Trinifold Music Limited	-	40,000
Payments made on behalf of Trinifold Music Limited	1,264	-
Income collected on behalf of Trinifold Music Limited	-	1,123
Repayment from Trinifold Music Limited	10,000	75,000
	£	£
Advances to Estupendo Music Limited	-	17,000
	£	£
Payments made on behalf of Dapplestar Limited	-	176
Income received from Dapplestar Limited	14,700	-

In addition to his directors remuneration, R. Rosenberg charged the company £83,740 (2000- £118,500) for the provision of consultancy and accountancy services.

TRINFOLD MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 5 MARCH 2001

At 5 March 2001 the following balances were outstanding debtors in respect of related parties:

	2001	2000
	£	£
Trinifold Music Limited	11,515	20,251
Dapplestar Limited	-	5,854
Estupendo Records Limited	13,753	30,921
	<u> </u>	<u> </u>

At 5 March 2001 the following balances were outstanding creditors in respect of related parties:

	2001	2000
	£	£
Estupendo Music Limited	19,722	19,722
	<u> </u>	<u> </u>

20 Controlling parties

The ultimate controlling party is W. Curbishley.