

SPECTRUM ENTERTAINMENT SYSTEMS LTD.

(Registered in England and Wales No. 3217593)

**ACCOUNTS
FOR THE YEAR
1 JULY 2000
TO
30 JUNE 2001**



SPECTRUM ENTERTAINMENT SYSTEMS LTD.

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SPECTRUM ENTERTAINMENT SYSTEMS LTD.

DIRECTORS' REPORT

FOR THE YEAR TO 30 JUNE 2001

The directors present their annual report, together with the statutory Accounts of the Company for the year to 30 June 2001.

RESULTS FOR THE YEAR

The results and transfers to reserves for the year are set out on page 3.

DIVIDEND

The directors do not recommend payment of a dividend.

PRINCIPAL ACTIVITY

The Company's principal activity during the year was the development of games systems.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The directors are reviewing the progress of the Company for the year.

DIRECTORS AND THEIR INTERESTS

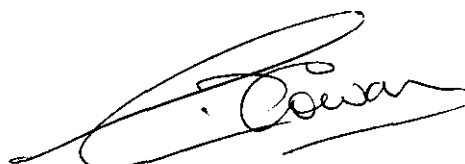
The directors of the Company during the year and their interests in the share capital were as follows:

	Ordinary Shares at 30 June	
	2001	2000
N D Cowan	60	60
L D Cowan	20	20

AUDITORS

At the Annual General Meeting it was decided to dispense with auditing the Accounts of the Company.

By order of the board



L D Cowan Esq

8 April 2002

SPECTRUM ENTERTAINMENT SYSTEMS LTD.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 period. In preparing those financial statements, the Directors are required to:

1. select suitable accounting policies and then apply them consistently;
2. make judgements and estimates that are reasonable and prudent;
3. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
4. 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 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.

SPECTRUM ENTERTAINMENT SYSTEMS LTD.

PROFIT AND LOSS ACCOUNT

FOR THE YEAR TO 30 JUNE 2001

	Notes	2001 £	2000 £
TURNOVER	1	-	-
COST OF SALES		-	-
		<hr/>	<hr/>
ADMINISTRATION EXPENSES		3,990	3,868
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(3,990)	(3,868)
TAXATION	4	-	-
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(3,990)	(3,868)
DIVIDENDS		-	-
		<hr/>	<hr/>
RETAINED LOSS FOR THE FINANCIAL YEAR		(3,990)	(3,868)
RETAINED LOSS BROUGHT FORWARD		(58,696)	(54,828)
		<hr/>	<hr/>
RETAINED LOSS CARRIED FORWARD		(62,686)	(58,696)

**There are no recognised gains or losses for either period, other than
the reported results stated above**

SPECTRUM ENTERTAINMENT SYSTEMS LTD.

BALANCE SHEET

AT 30 JUNE 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible Assets	3	72,826	-
CURRENT ASSETS			
Debtors	5	14,401	-
Cash at Bank		<u>(25)</u>	<u>1</u>
		87,202	1
CREDITORS - amounts falling due within one year	6	<u>149,986</u>	<u>58,797</u>
NET CURRENT LIABILITIES		(62,786)	<u>(58,796)</u>
NET LIABILITIES		<u>(62,786)</u>	<u>(58,796)</u>

Financed by:

CAPITAL AND RESERVES

Called up share capital	7	100	100
Profit and loss account		<u>(62,686)</u>	<u>(58,696)</u>
		(62,786)	(58,796)

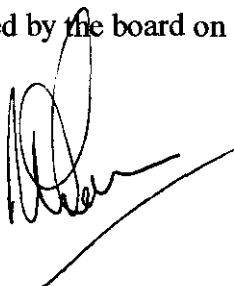
For the year ended 30 June 2001, the company was entitled to exemption under subsection 1 of section 249A of the Companies Act 1985.

No notice has been deposited under s249B.2 in relation to the accounts for the financial year.

The directors acknowledge their responsibility for ensuring that the company keeps accounting records which comply with section 221 of the Act and preparing accounts which give a true and fair view of the state of affairs of the company at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226 of the Act, and which otherwise comply with the requirements of this Act relating to accounts as far as applicable to the company.

The Accounts were approved by the board on 8 April 2002.

N D Cowan Esq



SPECTRUM ENTERTAINMENT SYSTEMS LTD.

NOTES TO THE ACCOUNTS

FOR THE YEAR TO 30 JUNE 2001

1 ACCOUNTING POLICIES

Accounting convention

These financial statements have been prepared under the historic cost convention.

Turnover

Turnover represents sales, net of Value Added Tax.

Deferred Taxation

Liabilities to Corporation Tax not due to be assessed within one year are provided in full at current rates of tax.

Cash flow forecast

The Company has taken advantage of the exemption in Financial reporting Standard 1 from the requirement to provide a cash flow forecast on the grounds that it is a small company.

2 OPERATING LOSS

The operating loss is stated after charging

	2001	2000
	£	£
Directors' remuneration	-	-

SPECTRUM ENTERTAINMENT SYSTEMS LTD.

3 TANGIBLE FIXED ASSETS

Additions at Cost	74,095
Depreciation:	(1,269)
Net Book Value @ 30 th June 2001:	72,826

4 TAXATION

No charge to Corporation Tax arises because of losses available

5 DEBTORS

	2000 £	1999 £
Trade Debtors	-	-
Taxes and Social Security	14,401	-

6 CREDITORS - amounts falling due within one year

	2001 £	2000 £
Trade creditors	-	-
Accruals	-	-
Directors' loan	144,986	53,796
Other loans (subordinated)	<u>5,000</u>	<u>5,000</u>
	149,986	58,796

7 CALLED UP SHARE CAPITAL

Ordinary shares of £1 each

	2001 £	2000 £
Authorised	100	100
Allotted, called up and fully paid	100	100