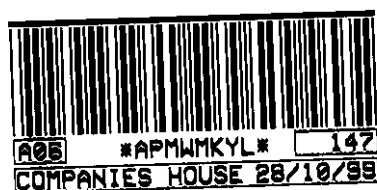


**REAL WORLD
TOURS LIMITED**
Financial Statements for the year
ended 31 December 1998

Company number: 2780663



REAL WORLD TOURS LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 1998

Company registration number:	2780663
Registered office:	Mill Lane Box Corsham Wiltshire SN13 8PL
Directors:	Ms A F Goldsworthy Mr H S Kullar Mr M D Large
Secretary:	Ms K H Gumm
Bankers:	Coutts & Co.
Solicitors:	Sheridans
Auditors:	Grant Thornton Registered Auditors Chartered Accountants

REAL WORLD TOURS LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 1998

INDEX	PAGE
Report of the directors	1 - 2
Report of the auditors	3
Accounting policies	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 10

REAL WORLD TOURS LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 December 1998.

Principal activities

The principal activity of the company during the year was the production of Peter Gabriel's touring activities outside of North America and the hire of stage and equipment.

Business review

No tours were undertaken during 1998.

There was a profit for the year after taxation amounting to £15,632 (1997 loss: £2,736). The directors do not recommend payment of a dividend.

Directors

The present membership of the Board is set out below. All directors served throughout the year.

The interests of the directors in the shares of the company as at 1 January 1998 and 31 December 1998 were as follows:

	Ordinary shares of £1 each	
	1998	1997
Ms A F Goldsworthy	2	1
Mr M D Large	-	-
Mr H S Kullar	-	-

REAL WORLD TOURS LIMITED

REPORT OF THE DIRECTORS

Directors' responsibilities for the financial statements

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 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 to 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Year 2000 Compliance

Many computer systems which express dates using only the last two digits of the year may malfunction due to the date change to the Year 2000. This risk to the business relates not only to the company's computer systems, but also to some degree on those of our customers and suppliers.

The company has reviewed its computer systems for the impact of the Year 2000 date change. An impact analysis has been prepared to identify the major risks, and action plans have been developed to address these in advance of critical dates. The plans give priority to the systems which could have a significant financial or legal impact if they were to fail.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



H S Kullar
Director

27 October 1999

**REPORT OF THE AUDITORS TO THE MEMBERS OF
REAL WORLD TOURS LIMITED**

Grant Thornton 

We have audited the financial statements on pages 4 to 10 which have been prepared under the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described on page 2 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.

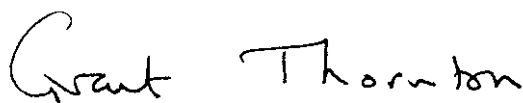
Basis of opinion

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 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

Bath

27 October 1999

REAL WORLD TOURS LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

DEPRECIATION

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives.

The rates generally applicable are :

Musical and office equipment	25%
------------------------------	-----

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

REAL WORLD TOURS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1998

	Note	1998 £	1997 £
Turnover	1	131,576	2,579
Cost of sales		<u>(119,726)</u>	<u>(1,350)</u>
Gross profit		11,850	1,229
Administration expenses		<u>3,744</u>	<u>(5,041)</u>
Operating profit/(loss)		15,594	(3,812)
Net interest	2	<u>38</u>	<u>-</u>
Profit/(loss) on ordinary activities before taxation	1	15,632	(3,812)
Tax on profit/(loss) on ordinary activities	4	<u>-</u>	<u>1,076</u>
Profit/(loss) on ordinary activities after taxation	9	<u>15,632</u>	<u>(2,736)</u>

There were no recognised gains or losses other than the profit for the financial year.

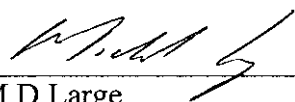
The accompanying accounting policies and notes form an integral part of these financial statements.

REAL WORLD TOURS LIMITED

BALANCE SHEET AT 31 DECEMBER 1998

	Note	1998 £	1997 £
Fixed assets			
Tangible assets	5	<u>-</u>	<u>-</u>
Current assets			
Debtors	6	284,919	402,743
Cash at bank and in hand		<u>26,780</u>	<u>10,604</u>
		311,699	413,347
Creditors: amounts falling due within one year	7	<u>332,087</u>	<u>449,367</u>
Net current liabilities		<u>(20,388)</u>	<u>(36,020)</u>
Total assets less current liabilities		<u>(20,388)</u>	<u>(36,020)</u>
Capital and reserves			
Called up share capital	8	2	2
Profit and loss account	9	<u>(20,390)</u>	<u>(36,022)</u>
Shareholders' funds		<u>(20,388)</u>	<u>(36,020)</u>

These financial statements were approved by the Board of Directors on 27 October 1999.



M D Large
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

REAL WORLD TOURS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1998

1 TURNOVER AND PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit/(loss) before taxation is attributable to the continuing activity of the production of Peter Gabriel's touring activities outside of North America and the hire of stage and equipment.

The profit/(loss) on ordinary activities is stated after:

	1998 £	1997 £
Auditors' remuneration	1,000	1,000
Depreciation of tangible fixed assets, owned	-	2,633
Exchange loss/(gain)	75	(192)

2 NET INTEREST

	1998 £	1997 £
Other interest receivable and similar income	(38)	-

3 DIRECTORS AND EMPLOYEES

The average number of employees of the company during the year was 3 (1997: 3).

No employee or director received any remuneration during the year (1997: nil).

4 TAX ON LOSS ON ORDINARY ACTIVITIES

The tax credit represents:

	1998 £	1997 £
Corporation tax @ 21% (1997: 24%)	-	(1,076)
Adjustments in respect of prior year	-	-
	-	(1,076)

Unrelieved tax losses of £4,748 (1997: £4,306) remain available to offset against future taxable trading profits.

REAL WORLD TOURS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1998

5 TANGIBLE FIXED ASSETS

	Office & musical equipment £
Cost	
At 1 January 1998 and at 31 December 1998	<u>112,184</u>
Depreciation	
At 1 January 1998 and at 31 December 1998	<u>112,184</u>
Net book amount at 31 December 1998	<u><u>-</u></u>
Net book amount at 31 December 1997	<u><u>-</u></u>

6 DEBTORS

	1998 £	1997 £
Trade debtors	-	823
Other debtors	<u>284,919</u>	<u>401,920</u>
	<u><u>284,919</u></u>	<u><u>402,743</u></u>

REAL WORLD TOURS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1998

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £	1997 £
Trade creditors	224	-
Corporation tax	115	1,405
Social security and other taxes	-	88
Other creditors	330,448	446,324
Accruals	1,300	1,550
	<u>332,087</u>	<u>449,367</u>

8 SHARE CAPITAL

	1998 £	1997 £
Authorised		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

9 RESERVES AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Profit and loss account £	Share capital £	Total shareholders' funds £
Shareholders' funds at 1 January 1998	(36,022)	2	(36,020)
Profit for the financial year	<u>15,632</u>	-	<u>15,632</u>
Shareholders' funds at 31 December 1998	<u>(20,390)</u>	<u>2</u>	<u>(20,388)</u>

REAL WORLD TOURS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1998

10 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 1998 or 31 December 1997.

11 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 1998 or 31 December 1997.

12 TRANSACTIONS WITH RELATED PARTIES

At 31 December 1998 the company was due £45,037 (1997: £45,037) from Real World Productions Limited of which Mr M D Large and Mr H S Kullar are also directors.

At 31 December 1998 the company was due £1,717 (1997: £1,717) from Real World Multimedia Limited of which Mr M D Large and Mr H S Kullar are also directors.

At 31 December 1998 the company owed £330,448 (1997: £446,324) to Peter Gabriel Limited of which Mr M D Large and Mr H S Kullar are also directors.

At 31 December 1997 the company was owed £238,000 (1997: £353,876) by Real World Incorporated, of which Mr P B Gabriel is also a director.

13 CONTROLLING RELATED PARTY

No tours were undertaken during 1997 and therefore the company had no controlling related party. The company's affairs were managed by Real World Holdings Limited, of which Mr M D Large and Mr H S Kullar are also directors.