

COMPANY NUMBER 1478729

AUDIOSTORE LIMITED
REPORT OF THE DIRECTORS
AND
STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2001



COULTHARDS MACKENZIE
Chartered Accountants
Five Kings House
1 Queen Street Place
London EC4R 1QS

AUDIOSTORE LIMITED

DIRECTORS

R M HEWETT

MRS J A HEWETT

SECRETARY

R M HEWETT

REGISTERED OFFICE

Speed House
Green Lane
Hounslow
Middlesex
TW4 6BY

AUDITORS

COULTHARDS MACKENZIE
Chartered Accountants
Five Kings House
1 Queen Street Place
London
EC4R 1QS

AUDIOSTORE LIMITED
REPORT OF THE DIRECTORS

The directors present their annual report together with the accounts of the company for the year ended 31 March 2001.

PRINCIPAL ACTIVITY:

The principal activity of the company was to act as haulage contractors.

There was no change in this activity during the year.

DIRECTORS:

The directors had no beneficial interest in the share capital of the company.

The company is a wholly owned subsidiary of Speed 1971 Limited and the directors' beneficial interest in the issued ordinary share capital of the parent company were as follows:-

	<u>At beginning and end of year</u> Number
R M Hewett	750
Mrs J A Hewett	250

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:

- 1) Select suitable accounting policies and then apply them consistently;
- 2) Make judgements and estimates that are reasonable and prudent;
- 3) Follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- 4) 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.

AUDIOSTORE LIMITED
REPORT OF THE DIRECTORS
(CONTINUED)

AUDITORS

The Auditors, Coulthards Mackenzie, are deemed to be re-appointed in accordance with Section 386 of the Companies Act 1985.

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

Signed on behalf of
the board of directors


.....
R. H. HEWETT
Company Secretary

Approved by the board: 23 November 2001

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

AUDIOSTORE LIMITED

We have audited the financial statements of Audiostore Limited for the year ended 31 March 2001 which are set out on pages 4 to 11. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibility for preparing the Annual Return and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors Responsibilities on page 1.

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

We report to you our opinion as to whether the financial statements 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 financial statements, 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF OPINION

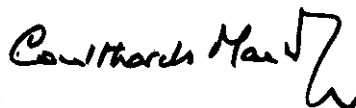
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 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 financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

COULTHARDS MACKENZIE
Chartered Accountants
and Registered Auditors



Five Kings House
1 Queen Street Place
London EC4R 1QS

AUDIOSTORE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2001

	<u>NOTES</u>	<u>2001</u> £	<u>2000</u> £
<u>TURNOVER</u>	2	1,968,422	2,217,106
Cost of Sales		(1,731,759)	(1,806,376)
		<hr/>	<hr/>
<u>GROSS PROFIT</u>		236,663	410,730
Administrative Expenses		(180,640)	(257,470)
		<hr/>	<hr/>
<u>OPERATING PROFIT</u>	3	56,023	153,260
Loss on Disposal of Fixed Assets		(3,163)	(78,504)
Rents Receivable		33,600	33,600
Interest Received		4,276	-
Interest Payable		(30,022)	(38,694)
Provision for Loss on Investment in Subsidiary	4	(232,759)	-
		<hr/>	<hr/>
<u>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		(172,045)	69,662
Tax on Profit on Ordinary Activities		(16,810)	(10,613)
		<hr/>	<hr/>
<u>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</u>		(188,855)	59,049
<u>RETAINED PROFIT AT 1 APRIL 2000</u>		385,565	326,516
		<hr/>	<hr/>
<u>RETAINED PROFIT AT 31 MARCH 2001</u>		£ 196,710	£ 385,565
		<hr/>	<hr/>

CONTINUING OPERATIONS

All of the company's activities in the above two financial years derived from continuing operations.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the above two financial years.

AUDIOSTORE LIMITED

BALANCE SHEET AS AT 31 MARCH 2001

	NOTES	£	2001	£	£	2000	£
<u>FIXED ASSETS</u>							
Tangible Assets	5		809,768			835,956	
Investments	6		.			232,759	
			809,768			1,068,715	
<u>CURRENT ASSETS</u>							
Stocks	7	17,601		50,687			
Debtors	8	322,407		274,021			
Cash at Bank and in Hand		233,825		71,887			
		573,833		396,595			
<u>CREDITORS</u>							
Amounts Falling Due Within One Year	9	(556,634)		(411,625)			
<u>NET CURRENT ASSETS/(LIABILITIES)</u>			17,199			(15,030)	
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			826,967			1,053,685	
<u>CREDITORS</u>							
Amounts Falling Due After More Than One Year	10		(290,584)			(327,447)	
<u>PROVISION FOR LIABILITIES AND CHARGES</u>	11		(7,000)			(8,000)	
<u>NET ASSETS</u>			£ 529,383			£ 718,238	
<u>CAPITAL AND RESERVES</u>							
Called Up Share Capital	12		100			100	
Revaluation Reserve	13		332,573			332,573	
Profit and Loss Account			196,710			385,565	
<u>SHAREHOLDERS' FUNDS</u>	14		£ 529,383			£ 718,238	

Approved by the directors on 23 November 2001

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

R M HEWETT: DIRECTOR

Signed on behalf of the directors

AUDIOSTORE LIMITED

NOTES TO THE ACCOUNTS AS AT 31 MARCH 2001

1. ACCOUNTING POLICIES:

(a) Basis of Accounting

The accounts have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets.

(b) Cash Flow

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash flow statements".

(c) Turnover

Turnover represents net invoiced sales of goods and services excluding value added tax.

(d) Tangible Fixed Assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Freehold buildings	-	5% on cost
Trucks and trailers	-	10% on cost
Plant and machinery	-	10% on cost
Other motor vehicles	-	25% on written down value
Office equipment	-	25% on written down value
Leased assets	-	10% on cost

No depreciation is provided on freehold land.

(e) Stocks

Stocks and work-in-progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

(f) Deferred Taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

AUDIOSTORE LIMITED

NOTES TO THE ACCOUNTS AS AT 31 MARCH 2001

(CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED):

(g) Leased Assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profit as incurred.

Assets held under finance leases and hire purchase contracts are capitalised and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability. The interest element of rental obligations is charged to profit and loss account over the period of the lease at a constant proportion of the outstanding balance of capital repayments.

(h) Group Accounts

The accounts of the parent company and its only subsidiary undertaking have not been consolidated, as the directors have taken advantage of the exemption for small groups of companies set out in Section 248 of the Companies Act 1985.

2. TURNOVER

Turnover attributable to geographical markets outside the United Kingdom amounted to 13.9% (2000 - 35.7%).

3. OPERATING PROFIT

The operating profit is stated after charging:

	<u>2001</u> £	<u>2000</u> £
Directors' emoluments	57,660	107,480
Depreciation of tangible fixed assets	40,190	60,730
Operating lease charges	295,352	305,092
Auditors' remuneration	4,000	4,000
	<u> </u>	<u> </u>

4. EXCEPTIONAL ITEM

Following a decision by the subsidiary company, Prairie Coaches Limited, to cease trading full provision has been made in their accounts for the cost of the investment in the subsidiary.

AUDIOSTORE LIMITED

NOTES TO THE ACCOUNTS AS AT 31 MARCH 2001

(CONTINUED)

5. TANGIBLE FIXED ASSETS

<u>Cost</u>	<u>Freehold Land and Buildings</u> £	<u>Plant and Equipment</u> £	<u>Total</u> £
At 1 April 2000	840,000	407,152	1,247,152
Additions	-	17,164	17,164
Disposals	-	(37,750)	(37,750)
<u>At 31 March 2001</u>	<u>840,000</u>	<u>386,566</u>	<u>1,226,566</u>
<u>Depreciation</u>			
At 1 April 2000	75,000	336,196	411,196
Charge for the year	18,750	21,440	40,190
On disposals	-	(34,588)	(34,588)
<u>At 31 March 2001</u>	<u>93,750</u>	<u>323,048</u>	<u>416,798</u>
<u>Net Book Values</u>			
<u>At 31 March 2001</u>	<u>746,250</u>	<u>63,518</u>	<u>809,768</u>
<u>At 31 March 2001</u>	<u>765,000</u>	<u>70,956</u>	<u>835,956</u>

The net book value of plant and equipment etc includes £9,702 (2000 - £12,936) in respect of assets held under hire purchase. The amount of depreciation in respect of such assets amounted to £3,234 for the year (2000 - £4,312).

Land and buildings were revalued during the year ended 31 March 1998 by Dunphys Chartered Surveyors, on the basis of open market value.

The cost or valuation of freehold buildings on which depreciation is charged amounted to £375,000 (2000 - £375,000).

The historical cost of freehold land and buildings included above at a valuation of £840,000 was £562,248 (2000 - £562,248) and the aggregate depreciation thereon would have been £148,571 (2000 - £129,821).

AUDIOSTORE LIMITED

NOTES TO THE ACCOUNTS AS AT 31 MARCH 2001

(CONTINUED)

6. INVESTMENTS

Shares in
Subsidiary
Undertaking
£

Cost at 1 April 2000
Less Provisions for impairment in value

232,759
(232,759)

Valuation at 31 March 2001

-

The investment in subsidiary undertaking, which is incorporated in England and Wales, consists of the following:

	<u>Par Value</u>	<u>Number</u>	<u>Percentage</u>
Prairie Coaches Limited	£1	2,000	100%

7. STOCKS

Consumables
Work-in-progress

2001
£ 2000
£

16,460 6,999
1,141 43,688

17,601 50,687

8. DEBTORS

Trade debtors
Other debtors
Amounts due from other group undertakings

2001
£ 2000
£

214,917 174,492
37,115 36,450
70,375 63,079

322,407 274,021

AUDIOSTORE LIMITED

NOTES TO THE ACCOUNTS AS AT 31 MARCH 2001

(CONTINUED)

9. <u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	<u>2001</u> £	<u>2000</u> £
Bank loans and overdrafts (secured)	34,000	30,000
Trade creditors	181,187	127,238
Value added tax	44,188	32,420
Payroll taxes	5,793	9,859
Corporation tax	18,250	12,125
Accruals	45,813	89,542
Hire purchase	5,344	6,412
Other creditors	869	3,418
Directors current account	88,193	71,650
Amounts due to group undertakings	132,997	28,961
	<hr/> 556,634 <hr/>	<hr/> 411,625 <hr/>
10. <u>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u>	<u>2001</u> £	<u>2000</u> £
Bank loan (secured)		
- repayable between two to five years	165,000	151,000
- repayable after five years	94,835	140,354
Hire purchase	-	5,344
Directors loan account	30,749	30,749
	<hr/> 290,584 <hr/>	<hr/> 327,447 <hr/>

The bank loan, the aggregate total of which amounts to £293,835 (2000 - £321,354) is repayable at 3% over bank base rate.

11. <u>PROVISIONS FOR LIABILITIES AND CHARGES</u>	<u>2001</u> £	<u>2000</u> £
<u>Deferred Taxation</u>		
Balance at 1 April 2000	8,000	12,000
Transfer from profit and loss account	(1,000)	(4,000)
	<hr/>	<hr/>
Balance at 31 March 2001	7,000	8,000
	<hr/>	<hr/>

No provision has been made for taxation which would be payable if the freehold property was sold for its re-valued amount, as the directors are of the opinion that this liability is unlikely to arise in the foreseeable future. The potential liability not provided in the accounts is approximately £60,000 (2000 - £63,000).

AUDIOSTORE LIMITED

NOTES TO THE ACCOUNTS AS AT 31 MARCH 2001

(CONTINUED)

12.	<u>CALLED UP SHARE CAPITAL</u>	<u>2001</u>	<u>2000</u>
		£	£
	<u>EQUITY SHARES</u>		
	<u>Authorised</u>		
	1000 ordinary shares of £1 each	1,000	1,000
	<u>Allotted, called up and fully paid</u>		
	100 ordinary shares of £1 each	100	100
13.	<u>REVALUATION RESERVE</u>		£
	At 1 April 2000 and 31 March 2001		332,573
14.	<u>SHAREHOLDERS' FUNDS</u>		
	<u>Reconciliation of movements on shareholders' funds</u>	<u>2001</u>	<u>2000</u>
		£	£
	(Loss)/Profit for the financial year after taxation	(188,855)	59,049
	Opening shareholders' funds at 1 April 2000	718,238	659,189
	Closing shareholders' funds at 31 March 2001	529,383	718,238

15. CONTINGENT LIABILITIES

The company has guaranteed the bank borrowings of group companies. The total liability under this guarantee at 31 March 2001 was £57,249 (2000 - £329,028). The guarantee is secured by way of a debenture.

The company has also guaranteed certain hire purchase liabilities of group companies. The liability under this guarantee at 31 March 2001 was £293,743 (2000 - £471,543).

In addition the company has a £10,000 guarantee given in favour of DKV Europe Services, and £21,000 in favour of Plose sistem Services SpA.

16. PARENT COMPANY

The company is a wholly owned subsidiary undertaking of Speed 1971 Limited.