

COMPANY NUMBER 1478729

AUDIOSTORE LIMITED
REPORT OF THE DIRECTORS
AND
STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2000



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

Unit 3
Green Lane
Hounslow
Middlesex
TW4 6BY

AUDITORS

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

THAKKAR CLEMENTSON ASSOCIATES LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JANUARY 2000**

		2000	1999
	Notes	£	£
TURNOVER		141,756	83,257
Administrative expenses		127,299	81,320
OPERATING PROFIT	3	14,457	1,937
Interest receivable and similar income		195	175
		14,652	2,112
Interest payable and similar charges	4	890	760
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		13,762	1,352
Tax on profit on ordinary activities	5	2,895	(222)
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		10,867	1,574
Dividends	6	14,728	5,400
		(3,861)	(3,826)
Retained profit brought forward		4,733	8,559
RETAINED PROFIT CARRIED FORWARD		£872	£4,733

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

AUDIOSTORE LIMITED

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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 2000.

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 in office during the year and their beneficial interest in the company's issued ordinary share capital were as follows:

	<u>At end of year</u>	<u>At beginning of year</u>
	Number	Number
R M Hewett	-	80
Mrs J A Hewett	-	20

During the year, the company became 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 end of year</u>	<u>At beginning of year</u>
	Number	Number
R M Hewett	75	1
Mrs J A Hewett	25	1

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.

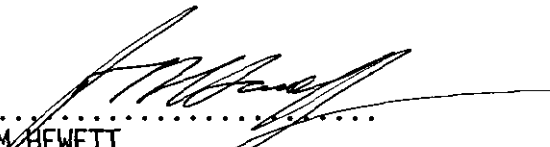
AUDIOSTORE LIMITED
REPORT OF THE DIRECTORS
(CONTINUED)

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 M HEWETT
Company Secretary

Approved by the board: 12 December 2000

AUDITORS' REPORT TO THE SHAREHOLDERS OF

AUDIOSTORE LIMITED

We have audited the accounts on pages (4) to (11) which have been prepared in accordance with the accounting policies set out on pages (6) and (7).

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page (1), the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

BASIS OF OPINION

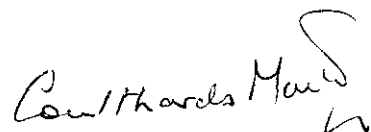
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by 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 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Five Kings House
1 Queen Street Place
London EC4R 1QS


COULTHARDS MACKENZIE
Chartered Accountants
and Registered Auditors

12 December 2000

AUDIOSTORE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2000

	<u>NOTES</u>	<u>2000</u> £	<u>1999</u> £
<u>TURNOVER</u>	2	2,217,106	2,050,349
Cost of Sales		(1,806,376)	(1,748,830)
<u>GROSS PROFIT</u>		410,730	301,519
Administrative Expenses		(257,470)	(199,506)
<u>OPERATING PROFIT</u>	3	153,260	102,013
Loss on Disposal of Fixed Assets		(78,504)	(17,803)
Rents Receivable		33,600	69,600
Interest Payable		(38,694)	(45,966)
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		69,662	107,844
Tax on Profit on Ordinary Activities		(10,613)	(9,850)
<u>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</u>		59,049	97,994
<u>RETAINED PROFIT AT 1 APRIL 1999</u>		326,516	228,522
<u>RETAINED PROFIT AT 31 MARCH 2000</u>		£ 385,565	£ 326,516

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 2000

	NOTES	£	<u>2000</u>	£	£	<u>1999</u>	£
<u>FIXED ASSETS</u>							
Tangible Assets	4		835,956			998,589	
Investments	5		232,759			232,759	
			1,068,715			1,231,348	
<u>CURRENT ASSETS</u>							
Stocks	6	50,687			6,289		
Debtors	7	274,021			243,220		
Cash at Bank and in Hand		71,887			219		
		396,595			249,728		
<u>CREDITORS</u>							
Amounts Falling Due Within One Year	8	(411,625)			(440,843)		
<u>NET CURRENT LIABILITIES</u>			(15,030)			(119,115)	
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			1,053,685			1,040,233	
<u>CREDITORS</u>							
Amounts Falling Due After More Than One Year	9		(327,447)			(369,044)	
<u>PROVISION FOR LIABILITIES AND CHARGES</u>	10		(8,000)			(12,000)	
<u>NET ASSETS</u>			£ 718,238			£ 659,189	
<u>CAPITAL AND RESERVES</u>							
Called Up Share Capital	11		100			100	
Revaluation Reserve	12		332,573			332,573	
Profit and Loss Account			385,565			326,516	
<u>SHAREHOLDERS' FUNDS</u>	13		£ 718,238			£ 659,189	

Approved by the directors on 12 December 2000

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 2000

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
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 2000

(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 35.7% (1999 - 41.5%).

3. OPERATING PROFIT

The operating profit is stated after charging:

	<u>2000</u> £	<u>1999</u> £
Directors' emoluments	107,480	57,780
Depreciation of tangible fixed assets	60,730	70,123
Operating lease charges	305,092	243,677
Auditors' remuneration	4,000	4,000
	<u> </u>	<u> </u>

AUDIOSTORE LIMITED

NOTES TO THE ACCOUNTS AS AT 31 MARCH 2000

(CONTINUED)

4. TANGIBLE FIXED ASSETS

<u>Cost</u>	<u>Freehold Land and Buildings £</u>	<u>Plant and Equipment £</u>	<u>Leased Assets £</u>	<u>Total £</u>
At 1 April 1999	840,000	419,365	172,122	1,431,487
Additions	-	-	-	-
Disposals	-	(12,213)	(172,122)	(184,335)
	<hr/>	<hr/>	<hr/>	<hr/>
<u>At 31 March 2000</u>	<u>840,000</u>	<u>407,152</u>	<u>-</u>	<u>1,247,152</u>
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>				
At 1 April 1999	56,250	323,574	53,074	432,898
Charge for the year	18,750	24,768	17,212	60,730
On disposals	-	(12,146)	(70,286)	(82,432)
	<hr/>	<hr/>	<hr/>	<hr/>
<u>At 31 March 2000</u>	<u>75,000</u>	<u>336,196</u>	<u>-</u>	<u>411,196</u>
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Net Book Values</u>				
<u>At 31 March 2000</u>	<u>765,000</u>	<u>70,956</u>	<u>-</u>	<u>835,956</u>
	<hr/>	<hr/>	<hr/>	<hr/>
<u>At 31 March 1999</u>	<u>783,750</u>	<u>95,791</u>	<u>119,048</u>	<u>998,589</u>
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of plant and equipment etc includes £12,936 (1999 - £17,249) in respect of assets held under hire purchase. The amount of depreciation in respect of such assets amounted to £4,312 for the year (1999 - £5,750).

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 (1999 - £375,000).

The historical cost of freehold land and buildings included above at a valuation of £840,000 was £562,248 (1999 - £562,248) and the aggregate depreciation thereon would have been £129,821 (1999 - £111,071).

AUDIOSTORE LIMITED

NOTES TO THE ACCOUNTS AS AT 31 MARCH 2000

(CONTINUED)

5. INVESTMENTS

Cost

Shares in
Subsidiary
Undertaking
£

At 1 April 1999 and 31 March 2000

232,759

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%

6. STOCKS

Consumables
Work-in-progress

2000
£

1999
£

6,999
43,688

2,939
3,350

50,687

6,289

7. DEBTORS

Trade debtors
Other debtors
Amounts due from other group undertakings

2000
£

1999
£

174,492
36,450
63,079

174,461
47,666
21,093

274,021

243,220

AUDIOSTORE LIMITED

NOTES TO THE ACCOUNTS AS AT 31 MARCH 2000

(CONTINUED)

8. <u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	<u>2000</u> £	<u>1999</u> £
Bank loans and overdrafts (secured)	30,000	60,838
Trade creditors	127,238	107,704
Value added tax	32,420	17,953
Payroll taxes	9,859	3,723
Corporation tax	12,125	25,541
Accruals	89,542	49,062
Hire purchase	6,412	6,412
Finance leases	-	35,165
Other creditors	3,418	2,321
Directors current account	71,650	61,087
Amounts due to group undertakings	28,961	71,037
	<hr/> 411,625 <hr/>	<hr/> 440,843 <hr/>
9. <u>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u>	<u>2000</u> £	<u>1999</u> £
Bank loan (secured)		
- repayable between two to five years	151,000	109,000
- repayable after five years	140,354	217,539
Hire purchase	5,344	11,756
Directors loan account	30,749	30,749
	<hr/> 327,447 <hr/>	<hr/> 369,044 <hr/>

The bank loan, the aggregate total of which amounts to £321,354 (1999 - £348,539) is repayable at 3% over bank base rate.

10. <u>PROVISIONS FOR LIABILITIES AND CHARGES</u>	<u>2000</u> £	<u>1999</u> £
<u>Deferred Taxation</u>		
Balance at 1 April 1999	12,000	17,000
Transfer from profit and loss account	(4,000)	(5,000)
	<hr/>	<hr/>
Balance at 31 March 2000	8,000	12,000
	<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 £63,000 (1999 - £63,000).

AUDIOSTORE LIMITED

NOTES TO THE ACCOUNTS AS AT 31 MARCH 2000

(CONTINUED)

11.	<u>CALLED UP SHARE CAPITAL</u>	<u>2000</u>	<u>1999</u>
		<u>£</u>	<u>£</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
12.	<u>REVALUATION RESERVE</u>		£
	At 1 April 1999 and 31 March 2000		332,573
13.	<u>SHAREHOLDERS' FUNDS</u>		
	<u>Reconciliation of movements on shareholders' funds</u>	<u>2000</u>	<u>1999</u>
		<u>£</u>	<u>£</u>
	Profit for the financial year after taxation	59,049	97,994
	Opening shareholders' funds at 1 April 1999	659,189	561,195
	Closing shareholders' funds at 31 March 2000	718,238	659,189
14.	<u>CONTINGENT LIABILITIES</u>		
	The company has guaranteed the bank borrowings of group companies. The total liability under this guarantee at 31 March 2000 was £329,028 (1999 - £567,951). 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 2000 was £471,543 (1999 - £393,440).		
	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.		
15.	<u>PARENT COMPANY</u>		
	The company is a wholly owned subsidiary undertaking of Speed 1971 Limited.		