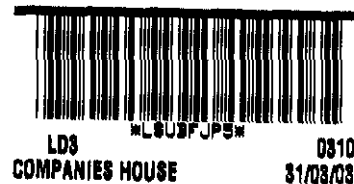


SCV ELECTRONICS LIMITED

Company Registration No. 1993558 (England and Wales)

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2002



**Paul Da Costa & Co.
13/17 High Beech Road
Loughton, Essex
IG10 4BN**

SCV ELECTRONICS LIMITED

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SCV ELECTRONICS LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 JUNE 2002

The director presents his report and financial statements for the year ended 30 June 2002.

Principal activities and review of the business

The principal activity of the company is the development, manufacture and distribution of professional audio equipment.

Results and dividends

The results for the year are set out on page 0.

The director does not recommend payment of an ordinary dividend.

Research and development

The company incurs ongoing research and development costs in respect of updating existing products and developing new products.

Post balance sheet events

On 19th July 2002 the french parent company SCV International was put into receivership by the ultimate parent company Artis Finance. All former directors representing SCV International had therefore resigned from the company and on 10th January 2003 J. Blyth Esq. acquired 100% of both the ordinary and preference share capital of the company.

Directors

The following directors have held office since 1 July 2001:

J. D. Blyth, Esq.	
J. L. Moncel, Esq. (Fr.)	(Resigned 31 December 2002)
R. Garrido, Esq. (Fr.)	(Resigned 19 July 2002)
C. Lassiat, Esq. (Fr.)	(Resigned 26 March 2002)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	30 June 2002	1 July 2001
J. D. Blyth, Esq.	85,800	85,800
J. L. Moncel, Esq. (Fr.)	-	-
R. Garrido, Esq. (Fr.)	-	-
	6% Preference shares of £ 1 each	
	30 June 2002	1 July 2001
J. D. Blyth, Esq.	-	-
J. L. Moncel, Esq. (Fr.)	-	-
R. Garrido, Esq. (Fr.)	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Paul Da Costa & Co. be reappointed as auditors of the company will be put to the Annual General Meeting.

SCV ELECTRONICS LIMITED

DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

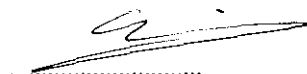
Director's responsibilities

Company law requires the director 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 director is required to:

- select suitable accounting policies and then 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

By order of the board



.....
Mrs S. Quinzan-Blyth

Secretary

27/01/03

SCV ELECTRONICS LIMITED

AUDITORS' REPORT TO SCV ELECTRONICS LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 16, together with the financial statements of the company for the year ended 30 June 2002 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of the director and auditors

The director is responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.


Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 16 are properly prepared in accordance with that provision.

Paul Da Costa & Co.



30/1/03

Chartered Accountants
Registered Auditor

13/17 High Beech Road
Loughton
Essex
IG10 4BN

SCV ELECTRONICS LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2002

	Notes	2002 £	2001 £
Gross profit		988,566	1,206,001
Distribution costs		(482,799)	(483,230)
Administrative expenses		(603,804)	(574,863)
Operating (loss)/profit	2	(98,037)	147,908
Other interest receivable and similar income		471	2,013
Interest payable and similar charges	3	(36,002)	(55,870)
(Loss)/profit on ordinary activities before taxation		(133,568)	94,051
Tax on (loss)/profit on ordinary activities	4	-	21,932
(Loss)/profit on ordinary activities after taxation		(133,568)	115,983
Dividends (including those in respect of non-equity shares)	5	-	(12,000)
Retained (loss)/profit for the year	14	(133,568)	103,983

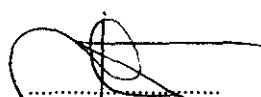
SCV ELECTRONICS LIMITED

ABBREVIATED BALANCE SHEET AS AT 30 JUNE 2002

	Notes	2002 £	£	2001 £	£
Fixed assets					
Intangible assets	6		287,946		278,929
Tangible assets	7		286,966		182,588
			<u>574,912</u>		<u>461,517</u>
Current assets					
Stocks	8	644,924		721,722	
Debtors	9	570,414		536,959	
Cash at bank and in hand		173,264		262	
		<u>1,388,602</u>		<u>1,258,943</u>	
Creditors: amounts falling due within one year	10	(1,218,076)		(868,366)	
Net current assets			<u>170,526</u>		<u>390,577</u>
Total assets less current liabilities			<u>745,438</u>		<u>852,094</u>
Creditors: amounts falling due after more than one year	11		(107,229)		(80,314)
			<u>638,209</u>		<u>771,780</u>
Capital and reserves					
Called up share capital	13		630,000		630,000
Share premium account	14		34,154		34,154
Profit and loss account	14		(25,945)		107,626
Shareholders' funds	15		<u>638,209</u>		<u>771,780</u>
Equity interests			338,209		471,780
Non-equity interests			300,000		300,000
			<u>638,209</u>		<u>771,780</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The financial statements were approved by the Board on 27/01/03


J. D. Blyth, Esq.
Director

SCV ELECTRONICS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2002

	2002		2001	
	£	£	£	£
Net cash inflow from operating activities		160,382		324,702
Returns on investments and servicing of finance				
Interest received	471		2,013	
Interest paid	(36,002)		(55,870)	
Non equity dividends paid	-		(12,000)	
Net cash outflow for returns on investments and servicing of finance		(35,531)		(65,857)
Taxation		-		21,932
Capital expenditure				
Payments to acquire intangible assets	(95,127)		(101,190)	
Payments to acquire tangible assets	(142,739)		(47,578)	
Receipts from sales of tangible assets	14,498		13,796	
Net cash outflow for capital expenditure		(223,368)		(134,972)
Net cash (outflow)/inflow before management of liquid resources and financing		(98,517)		145,805
Financing				
Issue of ordinary share capital	-		130,000	
Issue of preference share capital	-		100,000	
Issue of shares	-		230,000	
Repayment of other long term loans	-		(258,893)	
Capital element of hire purchase contracts	(35,502)		(18,743)	
Decrease in debt	(35,502)		(277,636)	
Net cash outflow from financing		(35,502)		(47,636)
(Decrease)/increase in cash in the year		(134,019)		98,169

SCV ELECTRONICS LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2002

1	Reconciliation of operating (loss)/profit to net cash inflow from operating activities	2002		2001	
		£		£	
	Operating (loss)/profit	(98,037)		147,908	
	Depreciation of tangible assets	62,404		69,314	
	Amortisation of intangible assets	86,110		53,448	
	Loss on disposal of tangible assets	41,640		8,265	
	Decrease in stocks	76,798		91,862	
	(Increase)/decrease in debtors	(33,455)		150,013	
	Increase/(decrease) in creditors within one year	24,922		(196,108)	
	Net cash inflow from operating activities	160,382		324,702	
2	Analysis of net debt	1 July 2001	Cash flow	Other non-cash changes	30 June 2002
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	262	173,002	-	173,264
	Bank overdrafts	(312,872)	(307,021)	-	(619,893)
		<u>(312,610)</u>	<u>(134,019)</u>	<u>-</u>	<u>(446,629)</u>
	Debt:				
	Finance leases	(25,745)	(14,020)	(30,662)	(70,427)
	Debts falling due after one year	(72,272)	-	-	(72,272)
		<u>(98,017)</u>	<u>(14,020)</u>	<u>(30,662)</u>	<u>(142,699)</u>
	Net debt	(410,627)	(148,039)	(30,662)	(589,328)
3	Reconciliation of net cash flow to movement in net debt	2002		2001	
		£		£	
	(Decrease)/increase in cash in the year	(134,019)		98,169	
	Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(14,020)		277,636	
	Change in net debt resulting from cash flows	(148,039)		375,805	
	New finance lease	(30,662)		(14,291)	
	Movement in net debt in the year	(178,701)		361,514	
	Opening net debt	(410,627)		(772,141)	
	Closing net debt	(589,328)		(410,627)	

SCV ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2002

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Intellectual Property

The outstanding lease term with respect to the exclusive rights to use the name L.A. Audio and its designs is written off over the remaining term of the original lease.

1.5 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.6 Tangible fixed assets and depreciation

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

Land and buildings Leasehold	Over period of lease
Plant and machinery	20% Reducing balance
Fixtures, fittings & equipment	15% Reducing balance / 25% Straight Line
Motor vehicles	25% Reducing balance

1.7 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.8 Stock

Stock is valued at the lower of cost and net realisable value.

1.9 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

SCV ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

1 Accounting policies

(continued)

1.10 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the director, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.11 Foreign currency translation

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

2 Operating (loss)/profit

2002	2001
£	£

Operating (loss)/profit is stated after charging:

Amortisation of intangible assets	86,110	53,448
Depreciation of tangible assets	62,404	69,314
Loss on disposal of tangible assets	41,640	8,265
Research and development	5,763	7,411
Operating lease rentals	15,475	21,108
Auditors' remuneration	9,000	9,000

and after crediting:

Profit on foreign exchange transactions	(8,844)	(27,051)
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3 Interest payable

2002	2001
£	£

On amounts payable to group companies	-	15,414
On bank loans and overdrafts	8,560	9,457
On other loans wholly repayable within 5 years	5,234	5,995
On loans repayable after 5 years	17,451	22,137
Hire purchase interest	4,757	2,867
	36,002	55,870

SCV ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

4	Taxation	2002 £	2001 £
	Domestic current year tax		
	Adjustment for prior years	-	(21,932)
	Current tax charge	-	(21,932)

The company has estimated losses of £ 449,727 (2001 : £ 272,563) available for carry forward against future trading profits.

On the basis of these financial statements no provision has been made for corporation tax.

5	Dividends	2002 £	2001 £
	Dividends on non-equity shares:		
	Preference interim paid	-	12,000

6	Intangible fixed assets	Intellectual Property £	Development Costs £	Total £
	Cost			
	At 1 July 2001	4,500	379,162	383,662
	Additions	-	95,127	95,127
	At 30 June 2002	4,500	474,289	478,789
	Amortisation			
	At 1 July 2001	4,500	100,233	104,733
	Charge for the year	-	86,110	86,110
	At 30 June 2002	4,500	186,343	190,843
	Net book value			
	At 30 June 2002	-	287,946	287,946
	At 30 June 2001	-	278,929	278,929

SCV ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

7 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 July 2001	138,713	94,634	320,112	96,315	649,774
Additions	88,806	10,151	29,553	94,410	222,920
Disposals	(138,713)	(25,183)	(45,446)	(40,800)	(250,142)
At 30 June 2002	88,806	79,602	304,219	149,925	622,552
Depreciation					
At 1 July 2001	138,713	53,985	233,864	40,624	467,186
On disposals	(138,713)	(13,583)	(23,526)	(18,182)	(194,004)
Charge for the year	6,153	6,765	25,491	23,995	62,404
At 30 June 2002	6,153	47,167	235,829	46,437	335,586
Net book value					
At 30 June 2002	82,653	32,435	68,390	103,488	286,966
At 30 June 2001	-	40,650	86,247	55,691	182,588

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery	Motor vehicles	Total
	£	£	£
Net book values			
At 30 June 2002	3,832	98,810	102,642
At 30 June 2001	-	49,454	49,454
Depreciation charge for the year			
30 June 2002	348	17,912	18,260
30 June 2001	-	16,485	16,485

SCV ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

8	Stocks	2002 £	2001 £
	Raw materials and consumables	196,793	226,224
	Finished goods and goods for resale	448,131	495,498
		<u>644,924</u>	<u>721,722</u>
9	Debtors	2002 £	2001 £
	Trade debtors	497,541	484,123
	Other debtors	1,489	1,261
	Prepayments and accrued income	71,384	51,575
		<u>570,414</u>	<u>536,959</u>
10	Creditors: amounts falling due within one year	2002 £	2001 £
	Bank loans and overdrafts	619,893	312,872
	Net obligations under hire purchase contracts	35,470	17,703
	Trade creditors	457,515	415,123
	Taxes and social security costs	60,339	81,265
	Director's current accounts	7,935	1,135
	Royalty and commissions	5,010	4,440
	Accruals and deferred income	31,914	35,828
		<u>1,218,076</u>	<u>868,366</u>

The bank loans and overdraft are secured by a debenture over the assets of the company.

SCV ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

11 Creditors: amounts falling due after more than one year	2002	2001
	£	£
Other loans	72,272	72,272
Net obligations under hire purchase contracts	34,957	8,042
	<u>107,229</u>	<u>80,314</u>
Analysis of loans		
Wholly repayable within five years	72,272	72,272
	<u>72,272</u>	<u>72,272</u>
Loan maturity analysis		
In more than one year but not more than two years	72,272	72,272
	<u>72,272</u>	<u>72,272</u>
Net obligations under hire purchase contracts		
Repayable within one year	35,470	17,703
Repayable between one and five years	34,957	8,042
	<u>70,427</u>	<u>25,745</u>
Included in liabilities falling due within one year	<u>(35,470)</u>	<u>(17,703)</u>
	<u>34,957</u>	<u>8,042</u>
12 Pension costs		
Defined contribution		
	2002	2001
	£	£
Contributions payable by the company for the year	<u>5,619</u>	<u>8,738</u>

SCV ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

13 Share capital	2002	2001
	£	£
Authorised		
700,000 Ordinary shares of £ 1 each	700,000	700,000
300,000 6% Preference shares of £ 1 each	300,000	300,000
	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
330,000 Ordinary shares of £ 1 each	330,000	330,000
300,000 6% Preference shares of £ 1 each	300,000	300,000
	<u>630,000</u>	<u>630,000</u>
14 Statement of movements on reserves		
	Share premium account	Profit and loss account
	£	£
Balance at 1 July 2001	34,154	107,623
Retained loss for the year	-	(133,568)
	<u>34,154</u>	<u>(25,945)</u>
Balance at 30 June 2002	<u>34,154</u>	<u>(25,945)</u>
15 Reconciliation of movements in shareholders' funds	2002	2001
	£	£
(Loss)/Profit for the financial year	(133,568)	115,983
Dividends	-	(12,000)
	<u>(133,568)</u>	<u>103,983</u>
Proceeds from issue of shares	-	230,000
	<u>(133,568)</u>	<u>333,983</u>
Net (depletion in)/addition to shareholders' funds	771,780	437,797
Opening shareholders' funds	<u>638,209</u>	<u>771,780</u>
Closing shareholders' funds	<u>638,209</u>	<u>771,780</u>

SCV ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

16 Financial commitments

At 30 June 2002 the company had annual commitments under non-cancellable operating leases as follows:

Expiry date:

17 Directors' emoluments

	2002	2001
	£	£
Emoluments for qualifying services	52,088	72,803
Company pension contributions to money purchase schemes	5,619	8,738
	<u>57,707</u>	<u>81,541</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2001 - 2).

18 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2002 Number	2001 Number
Office and management	5	6
Production and sales	14	13
Research and development	2	2
	<u>21</u>	<u>21</u>

Employment costs

	£	£
Wages and salaries	464,033	428,852
Social security costs	49,023	47,121
Other pension costs	5,619	8,738
	<u>518,675</u>	<u>484,711</u>