

COMPANY NUMBER: 2357989

**FOCUSRITE AUDIO ENGINEERING
LIMITED**

**ABBREVIATED ACCOUNTS FOR THE PERIOD ENDED
31 AUGUST 2002**



Report of the auditors to Focusrite Audio Engineering Limited pursuant to Section 247B of the Companies Act 1985.

We have examined the abbreviated accounts set out on pages 3 to 7 together with the full financial statements of Focusrite Audio Engineering Limited for the period ended 31 August 2002 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The company's directors are responsible for the preparation of the abbreviated accounts in accordance with Section 246 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 Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with these provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. 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 full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts are properly prepared in accordance with those provisions.

KPMG LLP

KPMG LLP
*Chartered Accountants
Registered Auditors
Arlington Business Park
Theale
Reading
RG7 4SD*

9 December 2002

Abbreviated Balance Sheet at 31 August 2002

Note		2002 £	2001 £
	Fixed assets		
2	Tangible assets	130,484	145,489
	Current assets		
	Stock	268,496	89,296
	Debtors	791,288	649,247
	Cash at bank and in hand	422,548	211,067
		1,482,332	949,610
	Creditors		
3	Amounts falling due within one year	(410,888)	(360,238)
	Net current assets	1,071,444	589,372
	Net assets	1,201,928	734,861
	Capital and reserves		
4	Called up share capital	1,162,207	1,162,207
	Share Premium	88,750	88,750
6	Profit and loss account	(49,029)	(516,096)
		1,201,928	734,861
	Shareholders' funds		
	Analysed as:		
	Equity Interests	(726,403)	(1,087,555)
	Non Equity Interests	1,928,331	1,822,416
		1,201,928	734,861

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

Approved by the board of directors on 25th November 2002 and signed on its behalf by:

P.S.Dudderidge



Notes to the Financial Statements for the year ending

31 August 2002

1 Accounting Policies

1.1 Basis of Accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

1.2 Cash Flow Statement

The company qualifies as a small company as defined by sections 246 to 249 of the Companies Act 1985 and is accordingly exempt from preparing a cash flow statement as required by Financial Reporting Standard No. 1.

1.3 Depreciation

Depreciation is provided on all tangible fixed assets in use at rates calculated to write off the cost of each asset over its expected useful life as follows:-

Plant, equipment & tooling	Over 2-4 years
Computer equipment	Over 2-4 years
Motor vehicles	Over 4 years
Fixtures & fittings	Over 5 years
Leasehold improvements	Over 10 years

1.4 Stock and work in progress

Stock is stated at the lower of cost, replacement cost and net realisable value.

1.5 Leases

Assets used by the company which have been funded by finance leases are capitalised and the resulting lease obligations are included in creditors net of finance charges. Operating lease rentals are charged to the profit and loss account in the period in which they fall due.

1.6 Deferred taxation

Deferred taxation is accounted for using the liability method on all material timing differences to the extent that it is probable that liabilities or assets will arise.

1.7 Foreign Currencies

Transactions during the period are translated at the rates of exchange in effect on the dates of the transaction. Translation differences are included in the results for the year. Foreign currency assets and liabilities are translated at the rate of exchange ruling at the Balance Sheet date.

1.8 Pensions

The company operates a defined contribution scheme for certain employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

1.9 Research and development expenditure

Expenditure on research and development is written off against profits in the year in which it is incurred.

2 Tangible Assets

	Motor vehicles, plant & equipment £	Fixtures, fittings & leasehold £	Computer equipment £	Total £
Cost				
1 September 2001	309,566	82,399	129,479	521,444
Additions	62,575	0	13,552	76,127
Disposals	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
31 August 2002	372,141	82,399	143,031	597,571
	=====	=====	=====	=====
Depreciation				
1 September 2001	208,317	48,504	119,134	375,955
Charge for the year	74,061	7,555	9,516	91,132
Disposals	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
31 August 2002	282,378	56,059	128,650	467,087
	=====	=====	=====	=====
Net Book Value				
31 August 2002	89,763	26,340	14,381	130,484
31 August 2001	101,249	33,895	10,345	145,489

3 Creditors: Amounts falling due within one year

	2002 £	2001 £
Trade creditors	221,266	209,076
Corporation Tax	0	2,746
Other taxes and social security costs	52,157	17,503
Accruals and deferred income	137,465	130,913
	<hr/>	<hr/>
	410,888	360,238
	=====	=====

4 Share Capital

	2002 £	2001 £
Authorised:		
Equity		
Ordinary shares of £1 each 100,000	100,000	100,000
Non equity share capital		
0% Red. Pref. Shares of £1 each	705,000	705,000
10% Cum. Pref. Shares of £1 each	400,000	400,000
	<u>1,205,000</u>	<u>1,205,000</u>
	=====	=====
Allotted, called-up and fully-paid:		
Equity		
Ordinary shares of £1 each	57,207	57,207
Non equity share capital		
0% Red. Pref. Shares of £1 each	705,000	705,000
10% Cum. Pref. Shares of £1 each	400,000	400,000
	<u>1,162,207</u>	<u>1,162,207</u>
	=====	=====

5 Reconciliation of movements in Shareholders' Funds

	2002 £	2001 £
Profit for the financial year	467,067	325,344
Opening shareholders' funds	734,861	409,517
	<u>1,201,928</u>	<u>734,861</u>
	=====	=====

6 Shareholders Funds

	Called up share capital	Profit and loss account	Share Premium	Total
	£	£	£	£
At 1 September 2001	1,162,207	(516,096)	88,750	734,861
Retained profit for the year	0	467,067	0	467,067
	<u>1,162,207</u>	<u>(49,029)</u>	<u>88,750</u>	<u>1,201,928</u>
	=====	=====	=====	=====

7 Capital Commitments

There were no capital commitments authorised or contracted for as at 31 August 2002.

8 Redemption of Preference Shares

The Company may at any time redeem for cash at par the whole or any multiple of 10,000 of both classes of preference share by serving notice upon the holders specifying a date upon which redemption is to take place being not less than 14 days nor more than 30 days from the date of such notice. The Company shall redeem the whole of the Preference Shares for cash at par, immediately prior to a listing or a sale.

9 Preference Dividends

Dividends have accrued on the Redeemable Preference Shares but have not been charged to the Profit and Loss Account as there are not sufficient distributable reserves.

10% Cumulative Redeemable Preference Shares of £1 each	£	£
Amount in issue	400,000	400,000
Dividend for period	105,915	99,944
Accrued Dividend at year end	823,332	717,417

10 Directors' Transactions

The business premises of the company at 19 Lincoln Road, Cressex, High Wycombe, Buckinghamshire, are owned by Mr. P S Dudderidge and M H Trustees Limited and leased to the company at an annual rent of £57,500 (2001: £57,500)

11 Pension Scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £42,997 (2001: £30,360). Amounts outstanding at the year end totalled £ 13,054 (2001: nil).