

**IMAGESOUND LIMITED**  
**(formerly Muzak (UK) Limited)**

**ABBREVIATED FINANCIAL STATEMENTS**

**31 DECEMBER 1998**

**REGISTERED NUMBER: 3482895**



**IMAGESOUND LIMITED**  
**(formerly Muzak (UK) Limited)**

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**AUDITORS' REPORT TO THE SHAREHOLDERS OF  
IMAGESOUND LIMITED PURSUANT TO  
SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated financial statements on pages 2 to 5 together with the financial statements of the Company for the period ended 31 December 1998 prepared under Section 226 of the Companies Act 1985.

**Respective responsibilities of Directors and auditors**

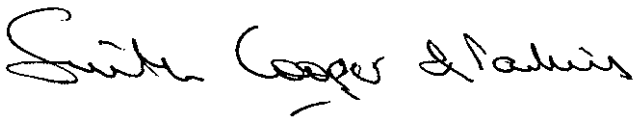
The Directors are responsible for preparing the abbreviated financial statements in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the Company is entitled to deliver abbreviated financial statements prepared in accordance with Sections 246(5) and (6) of the Act to the registrar of companies and whether the financial statements to be delivered are properly prepared in accordance with those provisions 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 financial statements and that the abbreviated financial statements 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 financial statements prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985, and the abbreviated financial statements on pages 2 to 5 are properly prepared in accordance with those provisions.



**SMITH COOPER & PARTNERS**  
Chartered Accountants and Registered Auditors  
Nottingham

Dated: 17 March 1999

**IMAGESOUND LIMITED**  
(formerly Muzak (UK) Limited)

**ABBREVIATED BALANCE SHEET AS AT 31 DECEMBER 1998**

|   | <u>Note</u> | £         | <u>1998</u><br>£ |
|---|-------------|-----------|------------------|
| <b>FIXED ASSETS</b>                                   |             |           |                  |
| Intangible assets                                     | 2           |           | 261,446          |
| Tangible assets                                       | 3           |           | 97,004           |
|   |             |           | <hr/>            |
|   |             |           | 358,450          |
| <b>CURRENT ASSETS</b>                                 |             |           |                  |
| Stocks  |             | 223,932   |                  |
| Debtors   |             | 236,944   |                  |
| Cash at bank and in hand                              |             | 122,107   |                  |
|   |             | <hr/>     |                  |
|   |             | 582,983   |                  |
| <b>CREDITORS: Amounts falling due within one year</b> | 4           | (487,428) |                  |
|   |             | <hr/>     |                  |
| <b>NET CURRENT ASSETS</b>                             |             |           | 95,555           |
|   |             |           | <hr/>            |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |             |           | 454,005          |
| <b>CREDITORS: Amounts falling due after one year</b>  | 4           |           | (39,161)         |
|   |             |           | <hr/>            |
|   |             |           | 414,844          |
|   |             |           | <hr/>            |
| <b>CAPITAL AND RESERVES</b>                           |             |           |                  |
| Called up share capital                               | 5           |           | 35,700           |
| Share premium account                                 |             |           | 321,300          |
| Profit and loss account                               |             |           | 57,844           |
|   |             |           | <hr/>            |
| <b>EQUITY SHAREHOLDERS' FUNDS</b>                     |             |           | 414,844          |
|   |             |           | <hr/>            |

The financial statements 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 and signed on its behalf by:



M CLARK  
Director

Dated: 17 March 1999

**IMAGESOUND LIMITED**  
**(formerly Muzak (UK) Limited)**

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 1998**

**1 ACCOUNTING POLICIES**

**Basis of preparation of financial statements**

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

**Depreciation**

Depreciation is provided on all fixed assets at rates calculated to write off the cost of the assets by equal annual amounts over their expected useful lives as follows:-

|                       |             |
|-----------------------|-------------|
| Motor vehicles        | 25% on cost |
| Fixtures and fittings | 25% on cost |
| Office equipment      | 25% on cost |
| Computer equipment    | 33% on cost |

**Stocks and work in progress**

Stocks and work in progress have been valued at the lower of cost and net realisable value.

**Deferred taxation**

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for financial statements purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may crystallise.

**Foreign exchange**

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction.

Balances at the year end denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the balance sheet date.

**Leasing and hire purchase transactions**

Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**Goodwill**

Goodwill is amortised in equal instalments over 10 years, being the Directors' estimate of its useful economic life.

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**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 1998**

Continued

**1 ACCOUNTING POLICIES (continued)**

**Pension costs**

The Company operates a money purchase scheme for the benefit of certain of the Directors. The assets of the scheme are held separately from those of the Company in independently administered funds. The pension contributions are charged to the profit and loss account when due.

**2 INTANGIBLE FIXED ASSETS**

|                                       | <u>Goodwill</u><br>£ |
|---------------------------------------|----------------------|
| <b>Cost</b>                           |                      |
| Arising on acquisitions in the period | 289,670              |
|                                       | <hr/>                |
| At 31 December 1998                   | 289,670              |
|                                       | <hr/>                |
| <b>Amortisation</b>                   |                      |
| Charge for the period                 | 28,224               |
|                                       | <hr/>                |
| At 31 December 1998                   | 28,224               |
|                                       | <hr/>                |
| <b>Net book value</b>                 |                      |
| At 31 December 1998                   | 261,446              |
|                                       | <hr/> <hr/>          |

**3 TANGIBLE FIXED ASSETS**

|                            | <u>Total</u><br>£ |
|----------------------------|-------------------|
| <b>Cost</b>                |                   |
| Additions                  | 143,873           |
| Disposals                  | (32,118)          |
|                            | <hr/>             |
| At 31 December 1998        | 111,755           |
|                            | <hr/>             |
| <b>Depreciation</b>        |                   |
| Provided during the period | 20,104            |
| Eliminated on disposals    | (5,353)           |
|                            | <hr/>             |
| At 31 December 1998        | 14,751            |
|                            | <hr/>             |
| <b>Net book value</b>      |                   |
| At 31 December 1998        | 97,004            |
|                            | <hr/> <hr/>       |

Included in the net book value of tangible fixed assets held at 31 December 1998 was £50,602 in respect of assets held under finance leases and hire purchase contracts.

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**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 1998**

Continued

|          |                  |                  |
|----------|------------------|------------------|
| <b>4</b> | <b>CREDITORS</b> | <u>1998</u><br>£ |
|----------|------------------|------------------|

The following liabilities were secured:

|               |        |
|---------------|--------|
| Hire purchase | 46,075 |
|---------------|--------|

All obligations under hire purchase contracts are payable within five years.

|          |                                |
|----------|--------------------------------|
| <b>5</b> | <b>CALLED UP SHARE CAPITAL</b> |
|----------|--------------------------------|

|   |        |
|---|--------|
| Authorised:<br>Ordinary shares of 10 pence each | 36,000 |
|---|--------|

|   |        |
|---|--------|
| Allotted, called up and fully paid:<br>Ordinary shares of 10 pence each | 35,700 |
|---|--------|

On 15 March 1998 the Company's share capital was increased from £1,000 to £36,000. On the same date the £1 shares were subdivided into 10 pence shares.

During the period 357,000 Ordinary 10 pence shares were issued at a premium of 90 pence for cash consideration of £357,000 to establish the Company's share capital.

|          |   |
|----------|---|
| <b>6</b> | <b>TRANSACTIONS INVOLVING DIRECTORS</b> |
|----------|---|

During the period M Clark, a director and shareholder of the Company, transferred assets to the Company with a valuation of £12,000.

An amount of £6,456 was charged by Mapp Developments Limited, a Company in which D Mapp, is a director and shareholder, in respect of administration services and costs incurred on behalf of the Company, for part of the period. At 31 December 1998 an amount of £230 was outstanding.

Subsequently, such services were provided by Mapp Secretarial Services, a business owned by D Mapp, a director and shareholder of the Company. A charge of £2,014 was made by Mapp Secretarial Services and as at 31 December 1998 a balance of £2,366 was outstanding.