

Company Registration No 5158526

AUDYUS LIMITED

Report and Financial Statements

30 June 2007

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# **AUDYUS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2007**

### **CONTENTS**

### **Page**

<b>Chairman's report</b>	<b>1</b>
<b>Directors' report</b>	<b>1</b>
<b>Independent auditors' report</b>	<b>1</b>
<b>Consolidated profit and loss account</b>	<b>1</b>
<b>Consolidated balance sheet</b>	<b>1</b>
<b>Balance sheet</b>	<b>1</b>
<b>Notes to the financial statements</b>	<b>1</b>

# AUDYUS LIMITED

## CHAIRMAN'S STATEMENT

It has been a complicated year for the Cyrus group, but the board has been exceptionally pleased by the way the staff has responded to the many challenges we've faced. The poor set of results contained in these accounts reflects the significant impact of RoHS on the business at the beginning of the year. However, the outlook is now much brighter and we are expecting a successful year with the launch of three CD players based on our unique, new CD platform called Servo Evolution.

We are very excited about this Cyrus R&D development. It provides us with our own "designed for audio" CD platform, breaking our dependence on third party providers, which don't operate to the exceptionally high quality standards that Cyrus requires. Our Servo Evolution platform is more accurate because our engineering reduces the error rate when retrieving data from the disc by a factor of five over our previous (multi award winning) models. This gives a much cleaner data stream for our DAC circuitry to work with. Results are clearly better and we urge you to listen for yourself.

Other new models launched this year include our Master series AV products that are now also fully on stream and making good headway in the market. With both DAB and FM tuners available, we're now very happy with the breadth of the Cyrus range, although we do have plans for a product to fit a new market segment next year so watch this space. For all the latest developments in the Cyrus range, or to download the latest brochure, go to [www.cyrusaudio.com](http://www.cyrusaudio.com)

RoHS did have a major impact on this year's financial performance. The deadline for getting non RoHS products into the market was the last day of the previous financial year, consequently our stocks were depleted at the start of this one. However, with the industry supply chain in complete turmoil over the switch to RoHS products, it was three months before we had RoHS compliant components to build into product to sell. This has been a massive hit for a specialist company of Cyrus's size to take, but we've responded well. Finances have been carefully managed, and we have deliberately put money into building stocks to enable us to service our retailers better, and prevent stock outs and therefore lost sales.

Feedback from the street suggests that the wider audio market has evolved into a crowded, low-fi, MP3, low margin segment. This is almost certainly true. However, our experience is that a growing number of consumers are demanding higher quality products. In fact, we have experienced the largest ever demand for our higher performance systems.

The awards season produced yet another clutch for Cyrus products, three best in class at the What Hi Fi Awards, Gold, silver and a bronze accolades from Hi Fi Choice, and a prestigious Diapason d'Or award in France for the CD 6s which is great for European sales.

The outlook is very encouraging. Strategically, as a business we are where we wanted to be, it just seems to have been tougher to get there than we first thought.

My thanks again to all our staff who have worked so tirelessly throughout the year. They are what makes Cyrus the business it is.

Peter Bartlett  
Chairman



3 April 2008

# **AUDYUS LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 30 June 2007

This report has been prepared in accordance with the special provisions relating to small companies under Section 246(4) of the Companies Act 1985

### **ACTIVITIES**

The group and company's principal activity is the design and manufacture of high quality audio equipment

### **REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

The directors were disappointed with the results achieved in the period, which were hit by an initial three months of virtually no sales as the industry supply chain was disrupted by having to comply with the RoHS directive. The directors estimate that this has hit profits for the year by more than £300,000 against what would have been a normal sales pattern.

Consequently the directors look forward to an improvement in both turnover and profits in the year ahead, as outlined in the Chairman's statement.

### **DIVIDENDS**

The directors do not recommend the payment of a dividend (2006 - £nil)

### **DIRECTORS**

The directors who served throughout the year were as follows

Peter Bartlett  
Simon Freethy

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are 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 group 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 group and company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## AUDYUS LIMITED

### DIRECTORS' REPORT

#### AUDITORS

In the case of each of the persons who are directors of the company at the date when this report is approved

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors  
and signed on behalf of the Board



Director

S Freethy

3 April 2008

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUDYUS LIMITED**

We have audited the group and parent company financial statements (the "financial statements") of Audyus Limited for the ended 30 June 2007 which comprise the consolidated profit and loss account, the consolidated and individual company balance sheets and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and Chairman's Statement and consider the implications for our report if we become aware of any apparent misstatements within them.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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 financial statements 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
AUDYUS LIMITED (continued)**

**Opinion**

**In our opinion**

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 June 2007 and of the group's loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

*Deloitte & Touche*

**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
Cambridge, United Kingdom

*3 April 2008*

# AUDYUS LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 30 June 2007

	Note	£	2007 £	£	2006 £
<b>TURNOVER</b>	2		2,985,224		3,513,167
Cost of sales			(1,822,258)		(2,087,899)
Gross profit			1,162,966		1,425,268
Distribution costs			(341,151)		(352,911)
Administrative expenses		(1,007,425)		(952,676)	
Administrative expenses - exceptional	4	(41,274)		-	
			<u>(1,048,699)</u>	<u>-</u>	<u>(952,676)</u>
<b>OPERATING (LOSS) PROFIT</b>	4		(226,884)		119,681
Interest receivable and similar income	5		1,977		1,937
Interest payable and similar charges	6		<u>(16,840)</u>		<u>(18,256)</u>
<b>(LOSS) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			(241,747)		103,362
Tax on (loss) profit on ordinary activities	7		<u>48,457</u>		<u>(12,199)</u>
<b>RETAINED (LOSS) PROFIT FOR THE FINANCIAL YEAR</b>	19		<u>(193,290)</u>		<u>91,163</u>

All activities derived from continuing operations

There are no recognised gains or losses for the current financial year and preceding financial period other than as stated in the profit and loss account

# AUDYUS LIMITED

## CONSOLIDATED BALANCE SHEET 30 June 2007

	Note	2007 £	2006 £
<b>FIXED ASSETS</b>			
Intangible assets	9	5,920	6,746
Tangible assets	10	73,669	76,336
		<u>79,589</u>	<u>83,082</u>
<b>CURRENT ASSETS</b>			
Stocks	12	491,193	199,297
Debtors	13	527,628	609,427
Cash at bank and in hand		8,372	94,119
		<u>1,027,193</u>	<u>902,843</u>
<b>CREDITORS' amounts falling due within one year</b>	14	<u>(711,330)</u>	<u>(355,895)</u>
<b>NET CURRENT ASSETS</b>		<u>315,863</u>	<u>546,948</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>395,452</u>	<u>630,030</u>
<b>CREDITORS' amounts falling due after more than one year</b>	15	<u>(118,776)</u>	<u>(146,587)</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	17	<u>(31,691)</u>	<u>(45,168)</u>
<b>NET ASSETS</b>		<u>244,985</u>	<u>438,275</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	100,000	100,000
Share premium account	19	69,200	69,200
Profit and loss account	19	75,785	269,075
<b>SHAREHOLDERS' FUNDS</b>	20	<u>244,985</u>	<u>438,275</u>

These financial statements were approved by the Board of Directors on 3 April 2008  
Signed on behalf of the Board of Directors

Director

S Greethy

# AUDYUS LIMITED

## BALANCE SHEET 30 June 2007

	Note	2007 £	2006 £
<b>FIXED ASSETS</b>			
Investments	11	8,261	8,261
<b>CURRENT ASSETS</b>			
Debtors – falling due after one year	13	169,200	169,200
<b>TOTAL ASSETS</b>		177,461	177,461
<b>CREDITORS' amounts falling due after more than one year</b>	15	(14,610)	(11,170)
<b>NET ASSETS</b>		162,851	166,291
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	100,000	100,000
Share premium account	19	69,200	69,200
Profit and loss account	19	(6,349)	(2,909)
<b>SHAREHOLDERS' FUNDS</b>	20	162,851	166,291

These financial statements were approved by the Board of Directors on 3 April 2008

Signed on behalf of the Board of Directors

Director

S. Freethy

## AUDYUS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2007

#### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

##### **Basis of accounting**

The financial statements are prepared under the historical cost convention. The financial statements consolidate the financial statements of the company and its subsidiaries.

##### **Intangible fixed assets**

Trademarks are valued at cost on acquisition and are depreciated in equal amounts over their estimated useful economic lives of 10 years.

##### **Tangible fixed assets**

Depreciation is provided on fixed assets so as to write off cost over the estimated useful lives of the assets. The annual rates of depreciation applied are as follows:

Short term leasehold improvements	Over the term of the lease
Fixtures and fittings	20%-33% per annum on cost
Plant and equipment	8%-33% per annum on cost
IT equipment	33% per annum on cost

##### **Investments**

Investments held as fixed assets are stated at cost less provision for any impairment in value.

##### **Stocks**

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

##### **Leases**

Operating lease rentals are charged to the profit and loss account as incurred.

##### **Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

##### **Pension costs**

The group operates a defined contribution pension scheme in respect of the employees. The cost of contributions is charged to the profit and loss account as they arise.

##### **Cash flow statement**

The group has taken advantage of the exemption afforded by FRS1 (revised) not to prepare a cash flow statement on the basis that it is a small group.

# AUDYUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2007

### 1 ACCOUNTING POLICIES (continued)

#### Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Translation differences arising are dealt with in the profit and loss account.

#### Business acquisition

On the acquisition of a business, fair values are attributed to the net assets acquired and any excess of the consideration given over the fair value of the net assets is treated as purchased goodwill.

### 2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the group's ordinary activities after deduction of trade discounts and value added tax. Revenue is recognised on shipment of products to customers.

The turnover is attributable to the group's principal activity. 36% (2006 - 34%) of turnover arose outside the United Kingdom.

### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2007 £	2006 £
<b>Directors' emoluments</b>		
Emoluments (excluding pension contributions)	144,098	125,895
Company contributions to money purchase pension schemes in respect of directors' services	3,510	4,500
	<b>No</b>	<b>No</b>
<b>The number of directors who.</b>		
Are members of a money purchase pension scheme	1	1
<b>Average number of persons employed (including directors)</b>		
Sales and administration	13	14
R&D and production	20	20
	33	34
	<b>£</b>	<b>£</b>
<b>Staff costs incurred during the year in respect of these employees were</b>		
Wages and salaries	889,098	915,572
Social security costs	93,979	96,035
Pension costs	24,171	25,892
	1,007,248	1,037,499

The information presented above comprises information about the group and company.

# AUDYUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2007

### 4 OPERATING (LOSS) PROFIT

	2007 £	2006 £
<b>Operating (loss) profit is after charging:</b>		
Amortisation of intangible fixed assets	826	826
Depreciation of tangible fixed assets		
Owned assets	33,874	34,095
Rentals under operating leases		
Other operating leases	111,579	98,245
Auditors' remuneration (group and company)	10,200	9,600

The exceptional administration costs of £41,274 (2006 - £nil) relate to costs incurred in relation to the termination of employee contracts

### 5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2007 £	2006 £
Bank interest	1,977	1,937

### 6 INTEREST PAYABLE AND SIMILAR CHARGES

	2007 £	2006 £
Bank loan	13,400	17,306
Discount on deferred consideration	3,440	950
	16,840	18,256

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007 £	2006 £
<b>Current tax</b>		
United Kingdom corporation tax	(46,022)	12,459
<b>Deferred taxation</b>		
Timing differences, origination and reversal	(2,435)	(260)
Total tax charge on profit on ordinary activities	(48,457)	12,199

# AUDYUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2007

### 7 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 19%  
The actual tax charge for the current year and preceding period differs from the standard tax rate for the reasons set out in the following reconciliation

	2007 £	2006 £
(Loss) profit on ordinary activities before tax	(241,747)	103,362
Tax at 19% thereon	(45,932)	19,639
Factors affecting charge for the year		
Disallowable expenditure	4,375	3,219
Short term timing differences	(99)	315
Research and development credit	(6,992)	(10,974)
Unutilised losses	1,975	-
Capital allowances in deficit of depreciation	651	260
Total actual amount of current tax (credit) charge	(46,022)	12,459

#### Analysis of deferred tax balances

	2007 £	2006 £
Accelerated capital allowances	2,708	3,168
Unutilised losses	(1,975)	-
	733	3,168

#### Analysis of movement in deferred tax provision

	2007 £	2006 £
Deferred taxation		
At 1 July 2006	3,168	3,428
Credited to the profit and loss account	(2,435)	(260)
At 30 June 2007 (note 17)	733	3,168

### 8. LOSS OF PARENT COMPANY

As permitted by section 230 of the Companies Act, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's loss on ordinary activities after taxation for the financial year amounts to £3,440 (2006 - £950)

# AUDYUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2007

### 9 INTANGIBLE FIXED ASSETS

Group	Trademarks £
<b>Cost</b>	
At 1 July 2006 and 30 June 2007	8,260
<b>Amortisation</b>	
At 1 July 2006	1,514
Charge for the year	826
At 30 June 2007	2,340
<b>Net book value</b>	
At 30 June 2007	5,920
At 30 June 2006	6,746

Trademarks are stated at the valuation made by the directors considered to be fair value of rights acquired on 1 September 2004

### 10 TANGIBLE FIXED ASSETS

Group	Short term leasehold improve- ments £	Fixtures and fittings £	Plant and equipment £	IT equipment £	Total £
<b>Cost</b>					
At 1 July 2006	20,410	6,018	103,317	17,821	147,566
Additions in year	-	-	30,416	791	31,207
At 30 June 2007	20,410	6,018	133,733	18,612	178,773
<b>Accumulated depreciation</b>					
At 1 July 2006	16,606	4,852	42,963	6,809	71,230
Charge for the year	2,004	1,166	25,540	5,164	33,874
At 30 June 2007	18,610	6,018	68,503	11,973	105,104
<b>Net book value</b>					
At 30 June 2007	1,800	-	65,230	6,639	73,669
At 30 June 2006	3,804	1,166	60,354	11,012	76,336

# AUDYUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2007

### 11. INVESTMENTS HELD AS FIXED ASSETS

Company			Shares in subsidiary undertakings £
Cost			
At 1 July 2006 and 30 June 2007			<u>8,261</u>
All of the investments are unlisted			
Subsidiary undertaking	Country of registration	Activity	% of shares held
Cyrus Audio Limited	England and Wales	Design and manufacture of high quality audio equipment	100%
Cyrus Trademarks Limited	British Virgin Islands	Non trading	100%
Cyrus Trademarks Limited owns the Cyrus trademarks			

### 12. STOCKS

	Group	
	2007 £	2006 £
Raw materials	369,069	81,262
Finished goods	122,124	118,035
	<u>491,193</u>	<u>199,297</u>

### 13. DEBTORS

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
Trade debtors	421,789	559,839	-	-
Corporation tax recoverable	46,022	-	-	-
Prepayments and accrued income	59,817	49,588	-	-
Amounts owed by subsidiary undertaking	-	-	169,200	169,200
	<u>527,628</u>	<u>609,427</u>	<u>169,200</u>	<u>169,200</u>

Amounts owed by subsidiary undertaking fall due after one year All other amounts fall due within one year

# AUDYUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2007

### 14. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2007 £	2006 £
Bank overdraft	301,311	
Bank loan (note 16)	41,667	62,500
Trade creditors	220,797	132,436
Corporation tax	-	12,459
Other taxation and social security costs	44,306	49,538
Accruals and deferred income	103,249	98,962
	<u>711,330</u>	<u>355,895</u>

### 15. CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
Bank loan (note 16)	104,166	135,417	-	-
Other creditors	14,610	11,170	14,610	11,170
	<u>118,776</u>	<u>146,587</u>	<u>14,610</u>	<u>11,170</u>

The bank loan is advanced under the Small Firms' Loan Guarantee Scheme. The assets of the company are secured by a fixed and floating charge in favour of National Westminster Bank plc.

Interest is payable at 3% pa over the bank's base rate.

Other creditors is deferred consideration payable on the acquisition of Cyrus Trademarks Limited after unwinding of discount to 30 June 2007 and is due after more than five years.

### 16. BORROWINGS

	Group 2007 £	2006 £
Bank loan	<u>145,833</u>	<u>197,917</u>
The maturity of the above amounts is as follows		
In one year or less	41,667	62,500
In more than one year but not more than two years	62,500	62,500
In more than two years but not more than five years	41,666	72,917
	<u>145,833</u>	<u>197,917</u>

# AUDYUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2007

### 17. PROVISIONS FOR LIABILITIES AND CHARGES

	2007 £	Group 2006 £
Deferred tax (note 7)	733	3,168
Warranty provision	28,458	24,000
Other provisions	2,500	18,000
	<u>31,691</u>	<u>45,168</u>

The movement in the warranty provision relates to net utilisation of £4,458 during the year and the movement in the other provision relates to amounts utilised net of items charged to the profit and loss account during the year

### 18 CALLED UP SHARE CAPITAL

	2007 £	2006 £
<b>Authorised</b>		
195,000 A ordinary shares of £1 each	195,000	195,000
5,000 B ordinary shares of £1 each	5,000	5,000
	<u>200,000</u>	<u>200,000</u>
<b>Called up, allotted and unpaid</b>		
100,000 A ordinary shares of £1 each	100,000	100,000
	<u>100,000</u>	<u>100,000</u>

### 19 STATEMENT OF MOVEMENT IN RESERVES

	Share premium account £	Profit and loss account £
<b>Group</b>		
At 1 July 2006	69,200	269,075
Retained loss for the year	-	(193,290)
	<u>69,200</u>	<u>75,785</u>
At 30 June 2007		
<b>Company</b>		
At 1 July 2006	69,200	(2,909)
Retained loss for the year	-	(3,440)
	<u>69,200</u>	<u>(6,349)</u>
At 30 June 2007		

# AUDYUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2007

### 20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
(Loss) profit attributable to members of the company	(193,290)	91,163	(3,440)	(950)
Net addition to (decrease in) shareholders' funds	(193,290)	91,163	(3,440)	(950)
Opening shareholders' funds	438,275	347,112	166,291	167,241
Closing shareholders' funds	<u>244,985</u>	<u>438,275</u>	<u>162,851</u>	<u>166,291</u>

### 21 FINANCIAL COMMITMENTS

At 30 June 2007 the group was committed to making the following payments during the next year in respect of operating leases

	Land and buildings		Other	
	2007	2006	2007	2006
	£	£	£	£
<b>Leases which expire</b>				
Within one year	-	-	20,320	20,368
Within two to five years	52,000	52,000	22,332	18,729
	<u>52,000</u>	<u>52,000</u>	<u>42,652</u>	<u>39,097</u>

### 22. RELATED PARTIES

S Freethy received consultancy fees of £4,200 (2006 - £7,896) from the group

The company has taken advantage of the exemption offered under FRS 8 not to disclose transactions with other group companies as consolidated accounts are prepared

The ultimate controlling party is P Bartlett