

REPORT OF THE DIRECTOR

The Director presents his report and the financial statements for the year ended 30th November 1999.

PRINCIPAL ACTIVITY

The company continued throughout the year its principal activity of the production of musical recordings. The company intends to continue to develop and expand this activity.

REVIEW OF THE BUSINESS

A summary of the results of the years trading is set out on page 3 of the financial statements. The director considers the current state of affairs of the company to be satisfactory.

DIVIDENDS

The director recommends that no dividend is proposed or paid for the year (1998: nil)

DIRECTORS

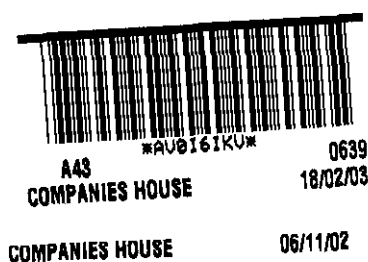
The director who served during the year, together with his interest in the ordinary share capital of the company was :

	<u>Ordinary Shares of £1 each</u>	
	1999	1998
M.Rapaport	85	85

DIRECTORS 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 for that period. In preparing those financial statements, the director is required to :

- (a) select suitable accounting policies and then apply them consistently
- (b) make judgements and estimates that are reasonable and prudent
- (c) state whether applicable accountancy standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- (d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.



REPORT OF THE DIRECTOR

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 them 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.

FIXED ASSETS

The changes in fixed assets during the year are summarised in the notes to the financial statements.

TAXATION STATUS

The company is a Close Company under the provisions of the Income and Corporation Taxes Act 1988.

AUDITORS

The Director is taking advantage of subsection 1 of section 249A of the Companies Act 1985 relating to the audit of the financial statements.

In preparing this report, the director has taken advantage of the special exemptions applicable to small companies conferred by part II of Schedule 8 to the Companies Act 1985.



CHANGE OF NAME

By a Special Resolution dated 9th March 1999, the company changed its name from Max Sound (Leeds) Limited to Max Sound Limited.

ON BEHALF OF THE BOARD



H.R. Rapaport
Secretary

2nd November 2002

(leeds)
MAX SOUND LIMITED

Page 3

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH NOVEMBER 1999

		<u>1999</u>	<u>1998</u>
		<u>£</u>	<u>£</u>
NOTES			
2	Turnover	449	723
	Cost of Sales	<u>200</u>	<u>229</u>
	Gross Profit	<u>249</u>	<u>494</u>
	Administrative Expenses	<u>1647</u>	<u>3455</u>
		<u>1647</u>	<u>3455</u>
3	Trading Loss on Ordinary Activities before Taxation	-1398	-2961
4	Taxation	<u>0</u>	<u>0</u>
11	Retained Loss for the Year	<u>-1398</u>	<u>-2961</u>

There are no recognised gains or losses other than the losses for the two financial years above.

BALANCE SHEET FOR THE YEAR ENDED 30TH NOVEMBER 1999

NOTES		<u>1999</u> £	<u>1998</u> £
	FIXED ASSETS		
5	Intangible Assets	100	100
6	Tangible Assets	<u>4202</u>	<u>4943</u>
		<u>4302</u>	<u>5043</u>
	CURRENT ASSETS		
7	Stock	23800	24000
	Cash at Bank and in Hand	2391	686
8	Debtors	<u>31</u>	<u>18</u>
		26222	24704
9	CREDITORS : Amounts falling due within one year	<u>58306</u>	<u>56131</u>
	NET CURRENT LIABILITIES	<u>-32084</u>	<u>-31427</u>
	TOTAL ASSETS LESS CURRENT LIABILITIES	<u>-27782</u>	<u>-26384</u>
	CAPITAL AND RESERVES		
10	Called Up Share Capital	100	100
11	Profit and Loss Account	<u>-27882</u>	<u>-26484</u>
		<u>-27782</u>	<u>-26384</u>

The director has taken advantage in the preparation of these financial statements of special exemptions provided by Part 1 of Schedule 8 to the Companies Act 1985 on the basis that the company qualifies as a small company. For the year ended 30th November 1999, the company was entitled to exemption under subsection 1 of section 249A of the Companies Act 1985. No notice has been deposited under section 249B.2 in relation to the Accounts for the financial year. The director acknowledges his responsibility for ensuring that the Company keeps accounting records which comply with section 221 of the Act and preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the loss for the financial year in accordance with the requirements of section 226 of the Act, and which otherwise comply with the requirements of this Act relating to accounts so far as applicable to the Company.

Approved by the Board on 2nd November 2002

M.R. Rapaport Director

NOTES TO THE FINANCIAL STATEMENTS
30TH NOVEMBER 1999

1. Accounting policies

Basis of accounting.

The financial statements have been prepared under the historical cost convention.

The company has taken advantage of the exemption from preparing a cash flow statement on the grounds that it is entitled to the exemptions available in Sections 246 to 247 of the Companies Act 1985 for small companies.

Depreciation.

Depreciation is calculated on fixed assets to write off their cost over their estimated useful lives at the following rates:

Hi-Fi and Other Equipment 15% reducing balance.

Stocks.

Stocks are valued at the lower of cost and net realisable value, after making due allowance for slow moving and obsolete items.

2. Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's ordinary activities, net of value added tax.

3. Operating Loss

	1999	1998
The operating loss is stated after charging:		
Depreciation	741	872

4. Taxation

There is no liability to taxation for the year (1998 : £ nil).

5. Intangible Fixed Assets

This item represents formation expenses.

(leeds)
MAX SOUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30TH NOVEMBER 1999

Page 6

6. Tangible Fixed Assets

	<u>Equipment</u>
Cost or Valuation	
At 1st December 1998	<u>23478</u>
and at 30th November 1999	
Depreciation	
At 1st December 1998	18535
For the Year	<u>741</u>
	<u>19276</u>
Net Book Value as at 30th November 1999	<u>4202</u>
Net Book Value as at 30th November 1998	<u>4943</u>

7. Stocks

	1999	1998
Stocks	<u>23800</u>	<u>24000</u>

8. Debtors

Non-Trade Debtors	<u>31</u>	<u>18</u>
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9. Creditors:

Amounts falling due within one year

Non-Trade Creditors	558	1187
Directors Loan Account	<u>57748</u>	<u>54944</u>
	<u>58306</u>	<u>56131</u>

10. Called Up Share Capital

Authorised, Allotted and Fully Paid: 100 Ordinary Shares of £ 1 each.	<u>100</u>	<u>100</u>
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11. Profit and Loss Account

Balance at 1st December 1998	26484	23523
Loss for the Year	<u>1398</u>	<u>2961</u>
Retained Loss at 30th November 1999	<u>27882</u>	<u>26484</u>