

**ETHOS ACOUSTICS LIMITED**

(Registration number: 2909295)

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 MAY 1996**



***JOHN R NORMAN & CO***

**CERTIFIED ACCOUNTANTS**

ETHOS ACOUSTICS LIMITED

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 1996

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**DIRECTORS**

G. Whitehead  
D.J. Walker

**SECRETARY**

D.J. Walker

**REGISTERED OFFICE**

268A Kingshill Avenue  
Hayes  
Middlesex  
UB4 8BY

**REGISTERED NUMBER**

2909295

**AUDITORS**

John R. Norman & Co.  
Certified Accountants  
Pinner, Middlesex

**DIRECTORS' REPORT**

The directors present their annual report with the financial statements of the company for the year ended 31 May 1996.

**PRINCIPAL ACTIVITIES**

The principal activity of the company in the year under review was that of loudspeaker design, manufacture and distribution.

**DIRECTORS AND THEIR INTERESTS**

The directors in office in the year and their beneficial interests in the company at the balance sheet date and the beginning of the year, or on appointment if later, were as follows:

		Number of Shares	
		1996	1995
G. Whitehead	Ordinary shares of £1 each	51	51
D.J. Walker	Ordinary shares of £1 each	49	49

No rights to subscribe for shares or debentures in the company have been granted during the financial year and there were no rights to subscribe for shares or debentures outstanding at the end of the financial year.

**DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year 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 profit or loss of the company for that period. In preparing those 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 company will continue in business.

The directors are responsible for maintaining 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. They are 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.

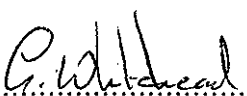
**AUDITORS**

The auditors, Messrs John R. Norman & Co., will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

**SMALL COMPANY EXEMPTIONS**

The directors have taken advantage of the exemptions conferred by Part II of Schedule 8 to the Companies Act 1985.

On behalf of the board:



G. Whitehead

Director

19 September 1996

**AUDITORS' REPORT TO THE MEMBERS OF  
ETHOS ACOUSTICS LIMITED**

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and on the basis of accounting policies set out on page 6.

**RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS**

As described in the Directors' Report, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

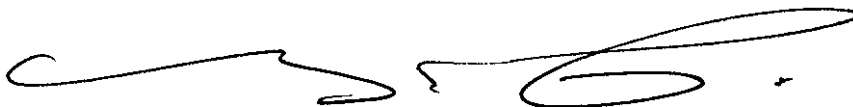
**BASIS OF OPINION**

We conducted our audit in accordance with Auditing Standards 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 as to whether 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.

**OPINION**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 May 1996 and of its results for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985, applicable to small companies.



**John R. Norman & Co.**  
**Certified Accountants**  
**Registered Auditors**  
**Pinner, Middlesex**

19 September 1996

**ETHOS ACOUSTICS LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MAY 1996**

	Notes	1996 £	1995 £
<b>TURNOVER</b>		98,999	32,422
Cost of sales		73,601	20,242
		<hr/>	<hr/>
<b>GROSS PROFIT</b>		25,398	12,180
Administrative expenses		19,707	12,709
		<hr/>	<hr/>
Other operating income		5,691	(529)
		200	1,170
		<hr/>	<hr/>
<b>OPERATING PROFIT</b>	2	5,891	641
Investment income and interest receivable		-	4
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		5,891	645
Tax on profit on ordinary activities		(212)	(196)
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		5,679	449
		<hr/>	<hr/>
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		5,679	449
Retained profits brought forward		449	-
		<hr/>	<hr/>
<b>RETAINED PROFITS CARRIED FORWARD</b>		6,128	449
		<hr/> <hr/>	<hr/> <hr/>

**Continuing operations**

None of the company's activities were acquired or discontinued during the above two financial years.

**Total recognised gains and losses**

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

**Historical cost**

The profit for the year, has been calculated on the historical cost basis.

The notes on pages 6 to 8 form part of these financial statements.

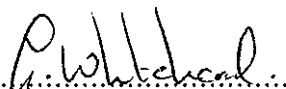
ETHOS ACOUSTICS LIMITED

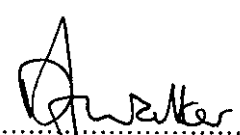
BALANCE SHEET AS AT 31 MAY 1996

	Notes	1996	1995
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	4	5,388	5,610
<b>CURRENT ASSETS</b>			
Stocks		9,391	9,116
Debtors	5	6,022	1,289
Cash at bank and in hand		2,127	1,700
		<u>17,540</u>	<u>12,105</u>
<b>CREDITORS: amounts falling due within one year</b>	6	<u>(16,700)</u>	<u>(17,166)</u>
<b>NET CURRENT ASSETS</b>		840	(5,061)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>6,228</u>	<u>549</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7	100	100
Profit and loss account		6,128	449
<b>TOTAL SHAREHOLDERS' FUNDS</b>	8	<u>6,228</u>	<u>549</u>

The directors have taken advantage of the exemptions conferred by Part I of Schedule 8 to the Companies Act 1985 and have done so on the grounds that, in their opinion, the company is entitled to those exemptions as a small company.

The financial statements were approved by the board of directors on 19 September 1996 and signed on its behalf by:

.....  
  
 G. Whitehead  
 Director

.....  
  
 D.J. Walker  
 Director

The notes on pages 6 to 8 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 1996

## 1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the significant accounting policies adopted by the company in the preparation of the financial statements.

(a) **Cash flow**

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash flow statements".

(b) **Turnover**

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

(c) **Depreciation of tangible fixed assets**

Depreciation is provided on the following annual rates in order to write off each asset over its useful life:

Test equipment	25% reducing balance basis
Fixtures, fittings and office equipment	25% reducing balance basis

(d) **Stocks**

Stocks are stated at the lower of cost and net realisable value.

## 2. OPERATING PROFIT

Operating profit is stated:

	1996	1995
	£	£
<b>After charging:</b>		
Depreciation on fixed assets	1,797	1,869
Auditors' remuneration	1,400	900
	<u>          </u>	<u>          </u>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 1996

## 3. INFORMATION ON DIRECTORS AND EMPLOYEES

	1996 £	1995 £
Directors' emoluments		
Remuneration for management services (including pension contributions)	11,450	3,000

## 4. TANGIBLE FIXED ASSETS

	Test equipment £	Fixtures, fittings and office equipment £	Total £
Cost or valuation:			
At 1 June 1995	4,137	3,342	7,479
Additions	448	3,288	3,736
Disposals	(1,050)	(1,830)	(2,880)
At 31 May 1996	3,535	4,800	8,335
Depreciation:			
At 1 June 1995	1,034	835	1,869
Charge for year	691	1,107	1,798
On disposals	(263)	(457)	(720)
At 31 May 1996	1,462	1,485	2,947
Net book value:			
At 31 May 1996	2,073	3,315	5,388
At 31 May 1995	3,458	2,152	5,610

## 5. DEBTORS

	1996 £	1995 £
Trade debtors	5,654	1,039
Prepayments and accrued income	368	250
	6,022	1,289

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 1996

6. CREDITORS: amounts falling due within one year

	1996	1995
	£	£
Trade creditors	5,747	2,543
Corporation tax	212	196
Other taxes and social security costs	1,928	874
Directors' and other loans	1,837	9,287
Other creditors	5,510	3,306
Accruals and deferred income	1,466	960
	<u>16,700</u>	<u>17,166</u>

7. SHARE CAPITAL

	1996	1995
	£	£
Authorised:		
Equity interests:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
Equity interests:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996	1995
	£	£
PROFIT FOR THE FINANCIAL YEAR	5,679	449
Opening shareholders' funds	549	100
CLOSING SHAREHOLDERS' FUNDS	<u>6,228</u>	<u>549</u>
REPRESENTED BY:-		
Equity interests	<u>6,228</u>	<u>549</u>