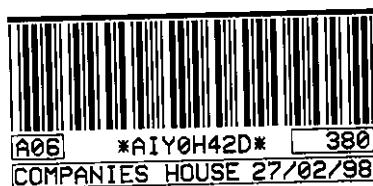


MAGIC MAC SYSTEMS LIMITED
170 BEATRICE STREET
SWINDON
WILTSHIRE

REGISTERED NUMBER
2814341



REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH APRIL 1997

MAGIC MAC SYSTEMS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30TH APRIL 1997

Your directors have pleasure in presenting the company's financial statements for the year ended 30th April 1997 and reporting generally on the company's affairs.

Business Review

The company commenced to trade on 1st September 1996 and the directors are pleased to report that sales maintained a steady flow from that date achieving a satisfactory profit. It is considered that this will continue in the current year.

Directors

Details are given below of the directors of the company for the period under review together with a note of their beneficial interests in the securities of the company:

<u>Name</u>	Ordinary Shares of £1 Each	
	<u>1.5.96</u>	<u>30.4.97</u>
R.D.Armstrong	1	1
S.L.Armstrong	1	1
G.E.Packer	1	1

Directors' Responsibilities

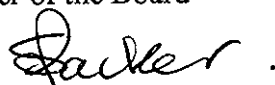
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements;
- 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 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. 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.

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

By Order of the Board



MRS S.A.PACKER

Secretary

MAGIC MAC SYSTEMS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD 1ST SEPTEMBER 1996 TO 30TH APRIL 1997

	<u>Note</u>		<u>1996</u>
Turnover	2	107274	-
Cost of Sales		(87812)	=
Gross Profit		19462	-
Distribution Costs		(810)	-
Administrative Costs		(14095)	=
Operating Profit	3	4557	-
Taxation	4	(1077)	=
Profit on Ordinary Activities after Taxation		3480	-
		—	—
Retained Profit Carried Forward		<u>£3480</u>	<u>£=</u>

Continuing Operations

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

Total Recognised Gains and Losses

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

MAGIC MAC SYSTEMS LIMITED

BALANCE SHEET AS AT 30TH APRIL 1997

	<u>Note</u>		<u>1996</u>
<u>CURRENT ASSETS</u>			
Stock	5	230	-
Debtors	6	15902	-
Cash at Bank and in Hand		<u>9209</u>	<u>4</u>
		<u>£25341</u>	<u>£4</u>
<u>CREDITORS: Amounts falling due</u>			
<u>within one year</u>	7	<u>£21857</u>	<u>£-</u>
<u>NET CURRENT ASSETS</u>		3484	4
		<u>£3484</u>	<u>£4</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			

MAGIC MAC SYSTEMS LIMITED

BALANCE SHEET AS AT 30TH APRIL 1997

	<u>Note</u>		<u>1996</u>
<u>CAPITAL AND RESERVES</u>			
Called Up Share Capital	8	4	4
Profit and Loss Account		3480	-
<u>SHAREHOLDERS' FUNDS</u>	9	<u>£3484</u>	<u>£4</u>

For the financial year ended 30th April 1997, the company was entitled to exemption from audit under section 249A(1) Companies Act 1985; and no notice has been deposited under section 249B(2). The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Act and preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the year and of its profit or loss for the financial year in accordance with the requirements of section 226 and which otherwise comply with the requirements of the Companies Act 1985, so far as applicable to the company.

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 on 25th February 1998


S.L. ARMSTRONG

Director

MAGIC MAC SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared in accordance with the Companies Act 1985, as amended and with applicable Accounting Standards.

(b) Cash Flow

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

(c) Deferred Taxation

Provisions are made so that the deferred taxation account represents Corporation Tax, calculated on the liability method, in respect of the excess of tax allowances given for fixed assets over the depreciation provided, except to the extent that the directors are able to foresee that no liability is likely to arise from a reversal of the above timing differences for some considerable period.

2. TURNOVER

Turnover represents total sales to customers, excluding Value Added Tax, and arises entirely from the company's principal activities.

1996

3. OPERATING PROFIT

Operating Profit is stated after charging:

Directors' Remuneration	<u>3000</u>	=
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4. TAXATION

UK Corporation Tax based on the profits for the period at 24%/21%	<u>£1077</u>	£=
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5. STOCK

Stock comprises raw materials and is valued at the lower of cost and estimated net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value is based on estimated selling price, less any further costs of realisation.

MAGIC MAC SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1996

6. DEBTORS

Trade Debtors	14769	-
Other Debtors	<u>1133</u>	=
	<u>£15902</u>	<u>£=</u>

7. CREDITORS: Amounts falling due within one year

Trade Creditors	13373	-
UK Corporation Tax	1077	-
Directors' Loan Accounts	6792	-
Accruals	<u>615</u>	=
	<u>£21857</u>	<u>£=</u>

8. CALLED UP SHARE CAPITAL

	<u>No.</u>	<u>£</u>	<u>No.</u>	<u>£</u>
<u>Authorised</u>				
Ordinary Shares of £1 Each	<u>1000</u>	<u>1000</u>	<u>1000</u>	<u>1000</u>
<u>Issued And Fully Paid</u>				
Ordinary Shares of £1 Each	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

9. SHAREHOLDERS' FUNDS

Profit for the Financial Period after Taxation	3480	-
Shareholders' Funds at 1st May 1996	4	4
	<u>—</u>	<u>—</u>
Shareholders' Funds at 30th April 1997	<u>£3484</u>	<u>£4</u>

Shareholders' Funds are all attributable to equity interests.

MAGIC MAC SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

10. RELATED PARTY TRANSACTIONS

The company's directors, S.L. and R.D. Armstrong, are also directors of Sounds Great Limited. Sounds Great Limited invoiced the company for £6000 during the period in respect of management services.

Directors' Loan Accounts

	<u>R.D. Armstrong</u>	<u>S.L. Armstrong</u>
Introduced	-	3792
Salary	3000	-
	<u> </u>	<u> </u>
As at 30th April 1997	<u>£3000</u>	<u>£3792</u>

11. CONTROL

The company is controlled by its Board of directors whose shareholdings are outlined on page 1. No individual exercises overall control.