

FOCUSRITE AUDIO ENGINEERING LIMITED
CN 2357989

ABBREVIATED FINANCIAL STATEMENTS FOR THE
YEAR TO 31 AUGUST, 1994



FOCUSRITE AUDIO ENGINEERING LIMITED

**AUDITORS REPORT TO THE DIRECTORS
PURSUANT TO PARAGRAPH 8 OF
SCHEDULE 8 OF THE COMPANIES ACT 1985**

We have examined the abbreviated financial statements on pages 2 to 6 together with the full financial statements of Focusrite Audio Engineering Limited for the year ended 31 August 1994. The scope of our work for the purpose of this report was limited to confirming that the company is entitled to the exemptions claimed in the directors' statement on page 2 and that the abbreviated financial statements have been properly prepared from the full financial statements.

In our opinion the company is entitled under section 246 and section 247 of the Companies Act 1985 to the exemptions conferred by Part 1 to that Act in respect of the year ended 31 August 1994 and the abbreviated accounts on pages 2 to 6 have been properly prepared in accordance with that schedule.

On 17 May, 1995 we reported, as auditors of Focusrite Audio Engineering Limited, to the members on the full financial statements prepared under section 226 of the Companies Act 1985 for the year ended 31 August 1994, and our audit opinion was as follows:

"We have audited the financial statements on pages 4 to 10.

Respective responsibilities of directors and auditors

As described on page 2, 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 August 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985."

KPMG
KPMG
Chartered Accountants
Registered Auditors

22 May, 1995

FOCUSRITE AUDIO ENGINEERING LIMITED
ABBREVIATED BALANCE SHEET AT 31 AUGUST 1994

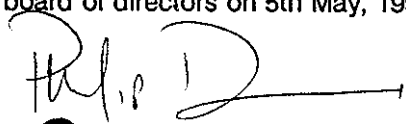

	Note	1994 £	1993 £
FIXED ASSETS			
Intangible assets	2	- 0 -	4,654
Tangible assets	3	7,644	13,325
		<u>7,644</u>	<u>17,979</u>
CURRENT ASSETS			
Stock and work in progress		265,020	307,656
Debtors		158,847	102,953
		<u>423,867</u>	<u>410,609</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	4	(396,822)	(466,908)
NET CURRENT (LIABILITIES)/ASSETS		<u>27,045</u>	<u>(56,299)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>34,689</u>	<u>(38,320)</u>
		<u> </u>	<u> </u>
CAPITAL AND RESERVES			
Called up share capital	6	1,150,000	1,150,000
Profit and loss account		(1,115,311)	(1,188,320)
		<u>34,689</u>	<u>(38,320)</u>
		<u> </u>	<u> </u>
		34,689	(38,320)
		<u> </u>	<u> </u>
		<u> </u>	<u> </u>
Equity Interests		(1,252,524)	(1,274,244)
Non Equity Interests		1,287,213	1,235,924
		<u>34,689</u>	<u>(38,320)</u>
		<u> </u>	<u> </u>
		<u> </u>	<u> </u>

We have relied on Section 246 and Section 247 of the Companies Act 1985 as entitling us to deliver abbreviated financial statements on the grounds that the company is entitled to the benefit from the exceptions conferred in Part 1 of Schedule 8 to the Companies Act 1985 as a small company.

Approved by the board of directors on 5th May, 1995 and signed on its behalf by:

P.S.Dudderidge

R.J.Salter

)
) Directors
)

FOCUSRITE AUDIO ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(a) Basis of accounting

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

(b) Turnover

Turnover represents the value of work invoiced during the period excluding value added tax and long-term contract work-in-progress where the amount taken as turnover is attributable to the amount of work carried out to date.

(c) Stocks and work-in-progress

Stocks and work-in-progress are valued at the lower of cost or net realisable value. Cost, where appropriate, includes expenses incidental to acquisition, direct production and engineering costs and attributable overheads. Provision is made for future losses as soon as they are foreseen.

(d) Depreciation

Depreciation is provided at the following annual rates to write off the fixed assets over their expected useful lives:

Plant and machinery	25% on cost
Fixtures, fittings etc.	20% on cost
Computer equipment	25% on cost
Motor vehicles	25% on cost
Purchased goodwill	20% on cost

(e) Research & development expenditure

Expenditure on research and development is written off against profit in the year in which it is incurred.

(f) Operating lease contracts

Expenditure on operating lease contracts is charged to the profit and loss account as incurred over the lease period.

(g) Foreign Currencies

Transactions during the period are translated at the rates of exchange in effect on the dates of the transaction. Translation differences are included in the results for the year. Foreign currency assets & liabilities are translated at the rate of exchange ruling at the Balance Sheet date.

(h) Cash Flow Statement

The company qualifies as a small company as defined by sections 246 to 249 of the Companies Act 1985 and is accordingly exempt from preparing a cash flow statement as required by Financial Reporting Standard No.1.

FOCUSRITE AUDIO ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. INTANGIBLE FIXED ASSETS

	£
Goodwill	
Cost @ 31st August 1993	40,000
Depreciation @ 31st August 1993	35,346
Depreciation Charged in Period	4,654
	<hr/>
Depreciation @ 31st August 1994	40,000
	<hr/>
Net book value:	
At 31st August 1994	- 0 -
At 31st August 1993	4,654

3. TANGIBLE FIXED ASSETS

	Plant and machinery	Fixtures, fittings, tools and equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£
Cost: @ 31st August 1993	56,698	16,227	46,807	15,300	135,032
Additions	893	3,311	2,097	—	6,301
Disposals	—	—	(1,300)	—	(1,300)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st August, 1994	57,591	19,538	47,604	15,300	140,033
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation:	54,596	13,534	42,739	10,838	121,707
Charged in period	2,017	3,185	2,955	3,825	11,982
Disposals	—	—	(1,300)	—	(1,300)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st August, 1994	56,613	16,719	44,394	14,663	132,389
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value:					
At 31st August, 1994	978	2,819	3,210	637	7,644
At 31st August, 1993	2,102	2,693	4,068	4,462	13,325

4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1994	1993
	£	£
Bank loans and overdrafts	174,116	237,481
Trade creditors	200,100	211,982
Other creditors including taxation and social security:	552	552
MPAYE and NI	6,573	4,670
Accruals and deferred income	15,481	12,223
	<hr/>	<hr/>
	396,822	466,908
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The bank overdraft is secured by a fixed and floating charge on the assets of the company. Mr.P.S.Dudderidge has provided a personal to Coutts & Co., the companys bankers.

FOCUSRITE AUDIO ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. SHARE CAPITAL

	1994 £	1993 £
Authorised:		
Equity share capital -		
Ordinary Shares of £1 each	50,000	50,000
Non-equity share capital -		
0% Redeemable Preference Shares of £1 each	705,000	705,000
10% Cumulative Redeemable Preference Shares of £1 each	400,000	400,000
	<u>1,155,000</u>	<u>1,155,000</u>
Issued and fully paid up:		
Equity share capital -		
Ordinary Shares of £1 each	45,000	45,000
Non-equity share capital -		
0% Redeemable Preference Shares of £1 each	705,000	705,000
10% Cumulative Redeemable Preference Shares of £1 each	400,000	400,000
	<u>1,150,000</u>	<u>1,150,000</u>

6. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1994 £	1994 £
Profit/(loss) for the financial year	73,009	(109,424)
Opening shareholders' funds	<u>(38,320)</u>	<u>71,104</u>
Closing shareholders' funds	<u>34,689</u>	<u>(38,320)</u>

7. RESERVES

	Profit & Loss Account £
At beginning of year	(1,188,320)
Profit for the year for equity shareholders	21,720
Appropriation from equity to non-equity interests	<u>51,289</u>
At end of year	<u>(1,115,311)</u>

The arrears of £51,289 on the preference shares have been included within non-equity interests on the balance sheet together with prior period arrears of £130,924.

FOCUSRITE AUDIO ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. REDEMPTION OF PREFERENCE SHARES

The Company may at any time redeem for cash at par the whole or any multiple of 10,000 of both classes of preference share by serving notice upon the holders specifying a date upon which redemption is to take place being not less than 14 days nor more than 30 days from the date of such notice. The Company shall redeem the whole of the Preference Shares for cash at par, immediately prior to a listing or a sale.

The Company shall redeem for cash at par on the following dates, the following nominal amounts of the Cumulative Preference Shares then outstanding namely (or otherwise as may be agreed between the Company and the shareholders in the Company):-

31st October, 1994	£133,334
31st October, 1995	£133,333
31st October, 1996	£133,333

9. PREFERENCE DIVIDENDS

Dividends have accrued on the Redeemable Preference Shares but have not been charged to the Profit and Loss Account as there are not sufficient distributable reserves.

	1994	1993
	£	£
10% Cumulative Redeemable Preference Shares of £1 each		
Amount in issue	400,000	400,000
Dividend for period	51,289	46,627
Accrued Dividend at year end	182,213	130,924

10. CAPITAL COMMITMENTS

There were no capital commitments at 31st August, 1994 (1993 £0-).