

AUDIENCE LIMITED
(FORMALLY THE RHYTHM METHOD LIMITED)

REPORT AND UNAUDITED ACCOUNTS

PERIOD ENDED 30TH JUNE 2001



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ANNUAL REPORT AND ACCOUNTS - 30TH JUNE 2001

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AUDIENCE LIMITED (FORMALLY THE RHYTHM METHOD LIMITED)

DIRECTORS AND OTHER INFORMATION

DIRECTORS:

A Craske

D Schickle

G Ridgway

SECRETARY:

J Saunders

REGISTERED OFFICE:

Bridge House
Restmor Way
Wallington
Surrey
SM6 7AH

COMPANY NUMBER:

4005921

REPORT OF THE DIRECTORS

The directors submit their report and the accounts for the period ended 30th June 2001.

PRINCIPAL ACTIVITY

The company was incorporated on 1st June 2000 as The Rhythm Method Limited. The name of the company was changed after the balance sheet date on 19th July 2001. The principal activity of the company is that of a retailer of consumer electronics.

DIRECTORS AND INTERESTS IN SHARES

The directors of the company during the period and their beneficial interest in the company's shares (including family interests) at the beginning and end of the period were as follows:

	No. of ordinary £1 shares	
	At 30th June 2001	At 1st June 2000
A Craske	1	1
G Ridgway (appointed 13/11/00)	1	-
D Schickle (appointed 13/11/00)	1	-

No rights to subscribe for shares or debentures of the entity were granted or exercised during the period.

There have been no changes in directors since the balance sheet date.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 year. In preparing those accounts, 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 accounts;
- prepare the accounts on a 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 accounts 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



A Craske
Director

Approved by the board on 25th March 2002

AUDIENCE LIMITED (FORMALLY THE RHYTHM METHOD LIMITED)

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 30TH JUNE 2001

	Notes	1st June 2000 to 30th June 2001 £
TURNOVER	2	27,697
Cost of sales		(25,752)
GROSS PROFIT		1,945
Distribution costs		(32,337)
Administrative expenses		(11,071)
OPERATING LOSS		(41,463)
Interest receivable		184
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(41,279)
TAXATION on loss on ordinary activities		-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION, FOR THE FINANCIAL PERIOD AND AT 30TH JUNE 2001		£(41,279)

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 results shown for the above financial period and therefore no separate statement of total recognised gains and losses has been presented.

AUDIENCE LIMITED (FORMALLY THE RHYTHM METHOD LIMITED)

BALANCE SHEET AS AT 30TH JUNE 2001

	Notes	2001 £	£
FIXED ASSETS			
Tangible assets	5		712
CURRENT ASSETS			
Stock		1,110	
Debtors	6	566	
Cash at bank		44,492	
		46,168	
CREDITORS: amounts falling due within one year	7	(88,156)	
NET CURRENT LIABILITIES			(41,988)
TOTAL ASSETS LESS CURRENT LIABILITIES			£(41,276)
Represented by:			
CAPITAL AND RESERVES			
Share capital- equity interests	8		3
Profit and loss account			(41,279)
SHAREHOLDERS' FUNDS	9		£(41,276)

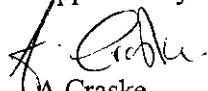
For the period ending 30th June 2001 the company was entitled to exemption from audit under subsection (1) of section 249A of the Companies Act 1985. No notice has been deposited under section 249B of the Act in relation to the accounts for the financial period.

The directors acknowledge their responsibility as directors for:

- (1) ensuring that the company keeps accounting records which comply with s221 of the Act; and
- (2) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its profit or loss for the financial period in accordance with the requirements of s226 of the Act, and which otherwise comply with the requirements of the Act relating to accounts, so far as applicable to the company.

The accounts 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 March 2002 and signed on its behalf:


A Craske
Director

NOTES TO THE ACCOUNTS - 30TH JUNE 2001

1. ACCOUNTING POLICIES

a. Basis of preparing the financial statements:

The accounts are prepared on a going concern basis. The directors consider this to be appropriate in light of their continued support as major loan creditors to the company.

b. Cash flows:

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

c. Depreciation:

Depreciation is calculated so as to write off the cost of tangible fixed assets over their expected useful economic lives. The annual rates used in these accounts are:

Office equipment - 25% straight line

d. Deferred taxation:

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

e. Stocks:

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

f. Turnover:

Turnover represents net invoiced sales of goods and services, excluding VAT.

2. TURNOVER

Turnover and operating loss are attributable to the one principal activity of the company, which arose wholly in the United Kingdom.

3. OPERATING LOSS

2001

£

Is stated after charging:

Depreciation - all owned

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4. DIRECTORS' EMOLUMENTS

Directors' emoluments for the period, for services other than as directors, totalled £ 29,676.

5. TANGIBLE FIXED ASSETS

Office
equipment
£

COST:

Additions and balance
at 30th June 2001

950

DEPRECIATION:

Charge for the period and balance
at 30th June 2001

238

NET BOOK VALUE:

At 30th June 2001

£ 712

6. DEBTORS

2001
£

Trade debtors

-

Others

566

£ 566

7. CREDITORS: Amounts falling
due within one year:

Trade creditors

-

Taxation and social security costs

565

Others

87,591

£ 88,156

Included in other creditors are shareholders loans totalling £84,997

8. SHARE CAPITAL	2001
	£
Authorised:	
1,000 Ordinary shares of £1 each	1,000
Allotted, called up and fully paid:	
3 Ordinary shares of £1 each	3

During the period, 2 ordinary £1 shares, at an aggregate nominal value of £2, were allotted at par for cash in addition to the one subscriber share. The allotment was made to increase the capital base of the company.

9. RECONCILIATION OF MOVEMENTS ON
SHAREHOLDERS' FUNDS

Loss for the financial period after taxation	(41,279)
New share capital	3
Closing shareholders' funds at 30th June 2001	£(41,276)

10. COMMITMENTS

Capital commitments:

There was no capital expenditure on fixed assets contracted at the period end but not provided for in the accounts, nor any amounts authorised by the directors but not contracted for.