AUDIO VISUAL MATERIAL LIMITED

REPORT AND ACCOUNTS

for the year ended

28 September 2001

Horwath Pulleyn Heselton
Chartered Accountants
54 Bootham
York
YO30 7XZ
BOARD OF DIRECTORS: J. P. Sills
                       E. J. Everard
                       R. A. Allpress

COMPANY SECRETARY: R. A. Allpress

REGISTERED OFFICE: Unit 5
                   Millfield Lane
                   Nether Poppleton
                   York
                   YO26 6PQ

COMPANY NUMBER: 944450

TRADING ADDRESS: AVM House
                 Hawley Lane
                 Farnborough
                 Hampshire
                 GU14 8EH

                 Telephone: 01252 540721

BANKERS: HSBC Bank plc
         13 Parliament Street
         York
         YO1 8XS

SOLICITORS: Harland & Co.
            18 St. Saviourgate
            York
            YO1 2NS

            Rollit, Farrell & Bladon
            Rowntree Wharf
            Navigation Road
            York
            YO1 2XA

AUDITORS: Horwath Pulleyn Heselton
          Chartered Accountants
          54 Bootham
          York
          YO30 7XZ
AUDIO VISUAL MATERIAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28 SEPTEMBER 2001

The directors have pleasure in presenting their report and the accounts for the year ended 28 September 2001.

PRINCIPAL ACTIVITY

The principal activities of the Company continue to be wholesaling and retailing of audio visual equipment and related services.

DIRECTORS

The directors in office throughout the year were as follows:

J. P. Sills
E. J. Everard
R. A. Allpress

None of the directors during the year had an interest in the issued share capital of the Company. The interests of the directors at the beginning and the end of year in the shares of SEA Holdings Limited, the ultimate parent company, were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Ordinary shares</th>
<th>'B' Preference shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>J. P. Sills</td>
<td>76,194</td>
<td>477,203</td>
</tr>
<tr>
<td>E. J. Everard</td>
<td>38,097</td>
<td>56,952</td>
</tr>
<tr>
<td>R. A. Allpress</td>
<td>38,097</td>
<td>-</td>
</tr>
</tbody>
</table>

No rights were granted, entitling the directors to subscribe for shares in the Company, or any exercised during the year.

EXEMPTION

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

By Order of the Board,

[Signature]

R. A. Allpress
Secretary

29 January 2002
The purpose of this statement is to distinguish the directors' responsibility for the accounts from those of the auditors as stated in their report.

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the Company's state of affairs at the end of the year and of its profit or loss for that period. 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to assume 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 or other irregularities.
AUDITORS' REPORT TO THE SHAREHOLDERS OF
AUDIO VISUAL MATERIAL LIMITED

We have audited the accounts on pages 4 to 9 which have been prepared under the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 the Company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 the information in the accounts.

UNQUALIFIED OPINION

In our opinion the accounts give a true and fair view of the state of the Company's affairs at 28 September 2001 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

York
January 2002

HORWATH PULLEYN HESELTON
Chartered Accountants

HORWATH PULLEYN HESELTON
Chartered Accountants
and Registered Auditors
## AUDIO VISUAL MATERIAL LIMITED

### PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 28 SEPTEMBER 2001

<table>
<thead>
<tr>
<th>Notes</th>
<th>2001</th>
<th>£</th>
<th>2000</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>£</td>
<td></td>
<td>£</td>
</tr>
<tr>
<td><strong>TURNOVER</strong></td>
<td>2</td>
<td>1,636,980</td>
<td>1,894,529</td>
<td></td>
</tr>
<tr>
<td>Cost of sales</td>
<td></td>
<td>1,223,370</td>
<td>1,309,919</td>
<td></td>
</tr>
<tr>
<td><strong>GROSS PROFIT</strong></td>
<td></td>
<td>413,610</td>
<td>584,610</td>
<td></td>
</tr>
<tr>
<td>Distribution costs</td>
<td>5,238</td>
<td></td>
<td>7,982</td>
<td></td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>147,115</td>
<td></td>
<td>346,047</td>
<td></td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>255,983</td>
<td></td>
<td>259,466</td>
<td></td>
</tr>
<tr>
<td><strong>OPERATING PROFIT/(LOSS)</strong></td>
<td>3</td>
<td>5,274</td>
<td>(28,885)</td>
<td></td>
</tr>
<tr>
<td>Interest receivable</td>
<td></td>
<td>62</td>
<td>5,007</td>
<td></td>
</tr>
<tr>
<td><strong>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</strong></td>
<td></td>
<td>5,336</td>
<td>(23,878)</td>
<td></td>
</tr>
<tr>
<td>Tax on profit on ordinary activities</td>
<td></td>
<td>1,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>RETAINED PROFIT/(LOSS WITHDRAWN) FOR THE YEAR</strong></td>
<td>10</td>
<td>£ 4,336</td>
<td>£ (23,878)</td>
<td></td>
</tr>
</tbody>
</table>

The notes on pages 6 to 9 form part of these accounts.
BALANCE SHEET
28 SEPTEMBER 2001

<table>
<thead>
<tr>
<th>Notes</th>
<th>2001</th>
<th></th>
<th>2000</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
</tbody>
</table>

**FIXED ASSETS**

Tangible assets 4 4,754  6,339

**CURRENT ASSETS**

Stocks 122,243  132,132
Debtors 5 248,402  210,728
Cash at bank and in hand 154,060  278,933

524,705  621,793

**CREDITORS: amounts falling due within one year**

6 242,732  345,741

**NET CURRENT ASSETS**

281,973  276,052

**TOTAL ASSETS LESS CURRENT LIABILITIES**

286,727  282,391

**NET ASSETS**

£ 286,727  £ 282,391

**CAPITAL AND RESERVES**

Called up share capital 9 3,000  3,000
Profit and loss account 10 283,727  279,391

**SHAREHOLDERS' FUNDS**

£ 286,727  £ 282,391

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies and with the Financial Reporting Standard for Smaller Entities (effective March 2001).

Approved by the Board on 29 January 2002
and signed on its behalf by:

J. P. Sills
Director

The notes on pages 6 to 9 form part of these accounts.
1. ACCOUNTING POLICIES

a) Basis of Accounting
The accounts have been prepared under the historical cost convention and in accordance with:
   i) the Financial Reporting Standards for Smaller Entities (effective March 2001); and
   ii) the Special Provisions of Part VII of the Companies Act 1985 relating to small companies.

b) Depreciation
Depreciation is provided on all tangible fixed assets in use at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

   Fixtures, fittings and equipment - at 25% reducing balance

c) Leased Assets
Rentals payable under operating leases are charged to the profit and loss account as incurred.

d) Stocks
Stocks are valued at the lower of cost and net realisable value. Cost is made up of the purchase price of the goods, including freight charges, packaging and import duties. Imported goods bought in foreign currencies are translated into sterling at the rate of exchange prevalent on the day of importation.

e) Deferred Taxation
Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, to the extent that it is probable that a liability will crystallise.

No deferred taxation has been provided in the accounts.

f) Foreign Currencies
Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences arising in the ordinary course of the business are included in operating profit.

g) Pensions
The pension costs charge represents contributions payable by the Company into a defined contribution pension scheme provided by a fellow group company. The assets of the scheme are held separately to those of the group company in an independently administered fund.

2. TURNOVER

Turnover represents the value of goods sold and services provided to third parties less trade discounts, excluding value added tax and sales of fixed assets. The turnover and result before taxation are attributable to the principal activities of the Company and arose mainly within the United Kingdom.
3. OPERATING PROFIT/(LOSS)

This is stated after charging:

<table>
<thead>
<tr>
<th>Description</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating lease rentals</td>
<td>12,343</td>
<td>14,436</td>
</tr>
<tr>
<td>Auditors' remuneration</td>
<td>2,700</td>
<td>2,700</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,585</td>
<td>2,113</td>
</tr>
<tr>
<td>Pension costs</td>
<td>2,627</td>
<td>2,878</td>
</tr>
<tr>
<td>Management charges paid to fellow group companies</td>
<td>98,800</td>
<td>304,900</td>
</tr>
</tbody>
</table>

4. TANGIBLE FIXED ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost or valuation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30 September 2000</td>
<td>17,069</td>
<td></td>
</tr>
<tr>
<td>28 September 2001</td>
<td>17,069</td>
<td></td>
</tr>
<tr>
<td>Depreciation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30 September 2000</td>
<td>10,730</td>
<td></td>
</tr>
<tr>
<td>Provision for year</td>
<td>1,585</td>
<td></td>
</tr>
<tr>
<td>28 September 2001</td>
<td>12,315</td>
<td></td>
</tr>
<tr>
<td>Net book values:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>28 September 2001</td>
<td>£ 4,754</td>
<td></td>
</tr>
<tr>
<td>29 September 2000</td>
<td>£ 6,339</td>
<td></td>
</tr>
</tbody>
</table>

5. DEBTORS

<table>
<thead>
<tr>
<th>Description</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade debtors</td>
<td>246,522</td>
<td>208,349</td>
</tr>
<tr>
<td>Other debtors</td>
<td>1,880</td>
<td>2,379</td>
</tr>
<tr>
<td>Total</td>
<td>£ 248,402</td>
<td>£ 210,728</td>
</tr>
</tbody>
</table>
6. CREDITORS: amounts falling due within one year

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors</td>
<td>196,724</td>
<td>108,198</td>
</tr>
<tr>
<td>Amounts owed to group undertakings</td>
<td>10,429</td>
<td>179,718</td>
</tr>
<tr>
<td>Taxation and social security</td>
<td>21,991</td>
<td>22,876</td>
</tr>
<tr>
<td>Other creditors</td>
<td>13,588</td>
<td>34,949</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>£242,732</td>
<td>£345,741</td>
</tr>
</tbody>
</table>

7. OTHER FINANCIAL COMMITMENTS

At 28 September 2001 the Company had an annual commitment in respect of an operating lease rental relating to land and building expiring as follows:

Over five years: £62,080

This operating lease has been guaranteed by John Saville & Son Limited, a fellow group company. The rentals for this lease are paid by The Saville Group Limited, a fellow group company.

8. DEFERRED TAXATION

Deferred taxation provided in the accounts, and the total potential liability including the amounts for which provision has been made, is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Full potential liability</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Provided in accounts</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>160</td>
<td></td>
<td>213</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>£160</td>
<td>£213</td>
</tr>
</tbody>
</table>
9. CALLED UP SHARE CAPITAL

Authorised:
3,000 Ordinary shares of £1 each  £3,000  £3,000

Allotted, called up and fully paid:
3,000 Ordinary shares of £1 each  £3,000  £3,000

10. PROFIT AND LOSS ACCOUNT

30 September 2000  279,391
Profit retained for the year  4,336

28 September 2001  £283,727

11. CONTINGENT LIABILITIES

The Company is party to unsecured multilateral guarantees given in respect of the bank loans and overdrafts advanced to companies within the Group, net of balances in hand, totalling £949,631 (2000 £1,298,610). Of this amount, none has been recognised as a creditor in the accounts.

The Company has given an unsecured guarantee to H. M. Customs and Excise for the sum of £40,000.

12. HOLDING COMPANY

The Company is wholly owned by SEA Holdings Limited. That Company’s accounts are available from Millfield Lane, Nether Poppleton, York, YO26 6PQ.

The Company is exempt from disclosing details of transactions with fellow group companies because it is wholly owned by SEA Holdings Limited.