

SEMAPHORE SYSTEMS LIMITED

STATUTORY ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 1996

Company No. 1427899 (England and Wales)



SEMAPHORE SYSTEMS LIMITED

AUDITOR'S REPORT TO SEMAPHORE SYSTEMS LIMITED

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

I have examined the statutory accounts on pages 3 to 5 together with the financial statements of Semaphore Systems Limited prepared under section 226 of the Companies Act 1985 for the year ended 31st August 1996.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors are responsible for preparing the statutory accounts in accordance with Schedule 8 to the Companies Act 1985. It is my responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 3 and whether the statutory accounts have been properly prepared in accordance with that schedule.

BASIS OF OPINION

I have carried out the procedures I considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the statutory accounts have been properly prepared from those financial statements. The scope of my work for the purpose of this report does not include examining or dealing with events after the date of my report on the full financial statements.

OPINION

In my opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to the exemption conferred by Section A of Part III of Schedule 8 to that Act in respect of the year ended 31st August 1996 and the statutory accounts on pages 3 to 5 have been properly prepared in accordance with that schedule.

(Continued on Page 2)

SEMAPHORE SYSTEMS LIMITED

AUDITOR'S REPORT TO SEMAPHORE SYSTEMS LIMITED

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

(Continued from Page 1)

On 7th January 1997, I reported as auditor of Semaphore Systems Limited to the members on the financial statements prepared under section 226 of the Companies Act 1985 for the year ended 31st August 1996 and my audit report was as follows:

I have audited the financial statements on pages 3 to 9 which have been prepared under the historical cost convention and the accounting policies set out on pages 5 and 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

BASIS OF OPINION

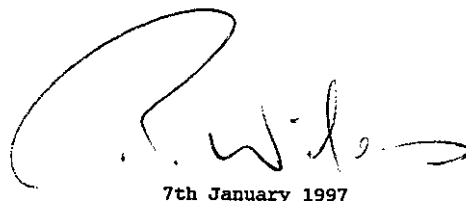
I conducted my audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

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

ROBERT L. WILES, FCA.,
Chartered Accountant
and Registered Auditor,
33 Bush Hill,
Winchmore Hill,
London, N21 2BT.



7th January 1997

BALANCE SHEET AS AT 31ST AUGUST 1996

	Notes	1996	1995
		£	£
FIXED ASSETS			
Tangible assets	2	299,150	304,127
CURRENT ASSETS			
Stocks and work in progress		59,670	86,079
Debtors		190,820	167,819
		250,490	253,898
CREDITORS: amounts falling due within one year		(280,639)	(281,594)
NET CURRENT ASSETS (LIABILITIES)		(30,149)	(27,696)
TOTAL ASSETS LESS CURRENT LIABILITIES		269,001	276,431
CREDITORS: Amounts falling due after more than one year	3	(169,677)	(185,648)
		99,324	90,783
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred tax		(873)	(712)
NET ASSETS		£ 98,451	£ 90,071
CAPITAL AND RESERVES			
Called up share capital	4	100	100
Profit and loss account		98,351	89,971
Shareholders' Funds		£ 98,451	£ 90,071

In preparing these statutory financial statements the directors have taken advantage of the exemptions conferred by Part III of Schedule 8 to the Companies Act 1985, and have done so on the grounds that, in their opinion, the company is entitled to the exemptions as a small company.

The directors have taken advantage, in the preparation of the annual financial statements, of the exemptions available under Part I of Schedule 8 to the Companies Act 1985, on the grounds that the company qualifies as a small company by virtue of Section 247 of the Companies Act 1985. The financial statements were approved by the Board on 7th January 1997 and signed on its behalf.

The financial statements were approved by the Board on 7th January 1997 and signed on its behalf.

R. GRANT
Director



The notes on pages 4 to 5 form part of these financial statements.

SEMAPHORE SYSTEMS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 1996

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF ACCOUNTS

The accounts are prepared under the historical cost convention and include the results of the company's operations which are described in the Directors' Report and all of which are continuing.

The company has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 TURNOVER

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax and trade discounts.

1.3 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold Property	2% straight line basis
Office Furniture and Equipment	15% reducing balance basis
Computer Equipment	20% reducing balance basis
Motor Vehicles	25% reducing balance basis

1.4 STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.5 FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

1.6 DEFERRED TAXATION

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounting purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

SEMAPHORE SYSTEMS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 1996

2. FIXED ASSETS

	Tangible Fixed Assets £
COST	
At 1st September 1995	340,989
Additions	3,465
Disposals	-

At 31st August 1996	£344,454

DEPRECIATION	
At 1st September 1995	36,862
On disposals	-
Charge for year	8,442

At 31st August 1996	£ 45,304

NET BOOK VALUES	
At 31st August 1996	£299,150

At 31st August 1995	£304,127

3. CREDITORS

Creditors include the following:	1996	1995
	----	----
	£	£
Repayable after more than five years (secured)	£169,677	£185,648
	=====	=====

4. CALLED UP SHARE CAPITAL

	1996	1995
	----	----
	£	£
AUTHORISED		
Ordinary Shares of £1 each	£100	£100
	===	===
ISSUED		
Ordinary Shares of £1 each	£100	£100
	===	===