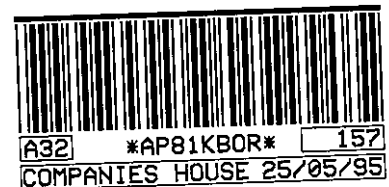


2102292

M L ELECTRO OPTICS LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1994



DAVENPORT HODGKISS & CO
CHARTERED ACCOUNTANTS - REGISTERED AUDITORS
3 ASCROFT COURT
PETER STREET OLDHAM OL1 1HP

M L ELECTRO OPTICS LIMITED

YEAR ENDED 31 JULY 1994

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M L ELECTRO OPTICS LIMITED

YEAR ENDED 31 JULY 1994

COMPANY INFORMATION

DIRECTORS: D MAYO
P C GREENWOOD
C BONNIFACE

SECRETARY: M POWER

REGISTERED
NUMBER: 2102292 (ENGLAND AND WALES)

REGISTERED
OFFICE: INTERNET HOUSE
WATTS STREET
CHADDERTON
OLDHAM
OL9 9LQ

AUDITORS: DAVENPORT HODGKISS & CO
CHARTERED ACCOUNTANTS
3 ASCROFT COURT
PETER STREET
OLDHAM
OL1 1HP

BANKERS: NATIONAL WESTMINSTER BANK PLC
OLDHAM ROAD BRANCH
794 OLDHAM ROAD
FAILSWORTH
MANCHESTER
M35 9FE

M L ELECTRO OPTICS LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 31 JULY 1994

The Directors submit their report together with the audited Financial Statements of the company for the year ended 31 July 1994.

Principal Activity

The principal activity of the company continues to be that of Telecommunication, Electronic and General Engineering Equipment Sales.

Results and Appropriations

The net profit for the year after all charges including taxation was £56,171 (1993 £176,277). The Directors do not propose the payment of a dividend for the year.

Review of the Financial Position

The year under review has been a satisfactory period of consolidation. Continued investment in marketing, product development and high calibre staff should position the company for further profitable growth. New products continue to open up new avenues and enhance the company's reputation as a leading edge supplier of Total Networking Solutions.

Directors

The Directors and their interests in the share capital of the company were as follows:-

	<u>Ordinary Shares</u>	
	<u>1994</u>	<u>1993</u>
D Mayo	760	760
P Greenwood	100	100
C Bonniface	100	100

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 those 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.

Continued/...

M L ELECTRO OPTICS LIMITED
DIRECTORS REPORT FOR THE YEAR ENDED 31 JULY 1994

Directors Responsibilities (Continued)

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.

Fixed Assets

Full details of changes in fixed assets are given in the notes to the accounts.

Auditors

The auditors, Davenport Hodgkiss & Co will be proposed for reappointment in accordance with Section 385 of the Companies Act 1985.

Signed on behalf of the
board of directors

.....
M Power - Secretary

Approved by the Board: 22 May 1995

AUDITORS' REPORT TO THE SHAREHOLDERS OF
M L ELECTRO OPTICS LIMITED

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial 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 by the directors in the preparation of the financial statements, and 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 consider 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 as at 31 July 1994 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

In our opinion the company is entitled to the exemption conferred by Section 248 of the Companies Act 1985 from the requirement to prepare group accounts for the financial year ended 31 July 1994.

Davenport Hodgkiss & Co
Davenport Hodgkiss & Co
Chartered Accountants and
Registered Auditors

3 Ascroft Court
Peter Street
Oldham
OL1 1HP

23 May 1995

M L ELECTRO OPTICS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 1994

	Notes	1994 £	1993 £
Turnover	(2)	5,325,664	5,922,324
Cost of Sales		(3,027,964)	(3,744,738)
GROSS PROFIT		2,297,700	2,177,586
Distribution Costs		(1,436,862)	(1,231,188)
Administrative Expenses		(689,875)	(610,588)
OPERATING PROFIT	(3)	170,963	355,810
Interest Payable and Similar Charges	(6)	(52,580)	(51,790)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		118,383	284,020
Taxation on Profit on Ordinary Activities	(7)	(62,212)	(107,743)
RETAINED PROFIT FOR THE YEAR	(16)	56,171	176,277


There were no recognised gains or losses other than those recognised in the Profit and Loss Account.

The notes on pages 7 to 14 form part of these Financial Statements

M L ELECTRO OPTICS LIMITED
BALANCE SHEET AS AT 31 JULY 1994

	Notes	1994	1993
FIXED ASSETS		£	£
Tangible Assets	(8)	566,412	431,943
Investments	(9)	100	95
		<u>566,512</u>	<u>432,038</u>
CURRENT ASSETS			
Stock	(10)	496,913	464,807
Debtors	(11)	965,081	899,701
Cash at Bank and in Hand		16,830	25,063
		<u>1,478,824</u>	<u>1,389,571</u>
CREDITORS - Amounts Falling due within One Year	(12)	(1,466,225)	(1,323,623)
NET CURRENT ASSETS		<u>12,599</u>	<u>65,948</u>
Total Assets less Current Liabilities		<u>579,111</u>	<u>497,986</u>
CREDITORS - Amounts falling due after more than One Year	(13)	(150,950)	(125,996)
NET ASSETS		<u>428,161</u>	<u>371,990</u>
CAPITAL AND RESERVES			
Called up Share Capital	(15)	1,000	1,000
Profit and Loss Account	(16)	427,161	370,990
Shareholders' Funds - all equity interests	(17)	<u>428,161</u>	<u>371,990</u>

Signed on behalf of the
Board of Directors


.....
D Mayo - Director

Approved by the Board: 22 May 1995

The notes on pages 7 to 14 form part of these Financial Statements

M L ELECTRO OPTICS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 1994

	Notes	1994	1993
		£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	(21)	133,129	528,617
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest Paid		(52,580)	(51,790)
		<u>(52,580)</u>	<u>(51,790)</u>
NET CASH INFLOW FROM RETURNS INVESTMENTS AND SERVICING OF FINANCE		80,549	476,827
TAXATION			
Corporation Tax Paid		(106,018)	(25,985)
		<u>(106,018)</u>	<u>(25,985)</u>
INVESTING ACTIVITIES			
Payments to acquire Investment	(5)	-	-
Payments to acquire Tangible Fixed Assets		(424,284)	(301,225)
FROM RECEIPTS AND SALES OF TANGIBLE FIXED ASSETS		<u>93,600</u>	<u>42,762</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(330,689)	(258,463)
NET CASH OUTFLOW BEFORE FINANCE		(356,158)	192,379
Advances from External Providers		218,715	178,190
Repayments of amounts borrowed		(186,388)	(98,709)
NET CASH INFLOW FROM FINANCING	(24)	<u>32,327</u>	<u>79,481</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(23)	<u>(323,831)</u>	<u>271,860</u>

The notes on pages 7 to 14 form part of these financial statements

M L ELECTRO OPTICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1994

1. ACCOUNTING POLICIES

1.1 Basis of Preparation of Accounts

The financial statements are prepared under the historical cost convention. The financial statements have been prepared in accordance with applicable accounting standards.

The company and its subsidiary undertaking comprise a medium group. The company has taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts. The financial statements therefore present information concerning the company only and not about the group.

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 or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:-

Freehold Buildings	2% straight line basis
Motor Vehicles	25% straight line basis
Computer Equipment	25% straight line basis
Office Furniture and Equipment	25% reducing balance basis
Leased Assets	over the term of the primary lease

1.4 Leasing and Hire Purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.5 Operating Leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

M L ELECTRO OPTICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1994

1. ACCOUNTING POLICIES Continued

1.6 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.

1.7 Research and Development

Expenditure on research and development is written off in the year that it is incurred.

1.8 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.

1.9 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 accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is reasonable probability that a liability or asset will crystallise in the near future.

1.10 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. TURNOVER

The whole of the turnover from continuing activities is attributable to the principal activity. A geographical analysis of turnover is as follows:-

	1994	1993
	£	£
United Kingdom	4,878,693	4,412,148
Europe	378,503	1,480,057
Far East	68,468	30,119
	<u>5,325,664</u>	<u>5,922,324</u>

M L ELECTRO OPTICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1994

	1994	1993
3. OPERATING PROFIT		
	£	£
Operating Profit is after charging Depreciation of Tangible Fixed Assets		
- owned by the company	60,903	39,076
- held under finance leases and hire purchase contracts	107,822	94,832
Operating Lease Rentals		
- plant and equipment	66	1,855
Auditors Remuneration	<u>5,000</u>	<u>4,500</u>
4. STAFF COSTS		
Staff Costs, including Directors' Remuneration, were as follows:-		
Wages and Salaries	924,019	716,121
Social Security Costs	103,820	86,840
Other Pension costs	<u>50,061</u>	<u>62,803</u>
	<u>1,077,900</u>	<u>865,764</u>

The average weekly number of employees, including Directors, during the year was as follows:-

	1994	1993
Office and Administration	7	6
Sales	<u>30</u>	<u>27</u>
	37	33

5. DIRECTORS' REMUNERATION

For services as Directors	250,063	271,466
Other Emoluments (including Pension Contributions)	<u>69,023</u>	<u>75,837</u>
	<u>319,086</u>	<u>347,303</u>

Included in the above are emoluments, excluding pension contributions, paid to:

Chairman and highest paid Director	<u>141,646</u>	<u>136,799</u>
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The remuneration, excluding pension contributions, of other Directors fell within the following ranges:-

£65,001 - £70,000	2	-
£75,001 - £80,000	-	2

M L ELECTRO OPTICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1994

	1994	1993
6. INTEREST PAYABLE	£	£
On Bank Loans and Overdrafts and other Loans repayable within five Years	29,755	32,860
Finance Leases and Hire Purchase Contracts	22,825	18,930
	<u>52,580</u>	<u>51,790</u>
7. TAXATION		
UK Current year taxation		
UK Corporation Tax at 28.8% (1993 31.3%)	62,105	105,910
Transfer to Deferred Taxation	-	-
	<u>62,105</u>	<u>105,910</u>
Prior Years		
UK Corporation Tax	107	1,833
	<u>62,212</u>	<u>107,743</u>

8. TANGIBLE FIXED ASSETS

	<u>Freehold Land and Buildings</u>	<u>Leased Office Equipment</u>	<u>Motor Vehicles</u>	<u>Fixtures Fittings and Equipment</u>	<u>Total</u>
	£	£	£	£	£
COST					
At 01.08.93	75,563	42,243	339,815	221,886	679,507
Additions	184,691	-	141,339	98,254	424,284
Disposals	(75,563)	-	(90,069)	(22,624)	(188,256)
At 31.07.94	<u>184,691</u>	<u>42,243</u>	<u>391,085</u>	<u>297,516</u>	<u>915,535</u>
DEPRECIATION					
At 01.08.93	7,555	17,034	106,876	116,099	247,564
Charge for the Year	3,695	8,448	99,374	57,208	168,725
Disposals	(7,555)	-	(42,910)	(16,701)	(67,166)
At 31.07.94	<u>3,695</u>	<u>25,482</u>	<u>163,340</u>	<u>156,606</u>	<u>349,123</u>
NET BOOK VALUE					
At 31.07.94	<u>180,996</u>	<u>16,761</u>	<u>227,745</u>	<u>140,910</u>	<u>566,412</u>
At 31.07.93	<u>68,008</u>	<u>25,209</u>	<u>232,939</u>	<u>105,787</u>	<u>431,943</u>

The net book value of motor vehicles and fixtures, fittings and equipment include assets held under finance leases or hire purchase contracts amounting to £263,237 (1993 £258,148).

M L ELECTRO OPTICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1994

	1994	1993
9. INVESTMENTS		
Investment in subsidiary undertaking	<u>100</u>	<u>95</u>
<p>The company's investment in subsidiary undertaking represents the cost of acquisition of 100% of the ordinary share capital of M L Meridian Ltd, a company registered in England and Wales.</p> <p>At 31 July 1994 the aggregate of share capital and reserves of the subsidiary undertaking amounted to (£41,488) and the loss for the year was £3,865.</p>		
10. STOCKS	1994 £	1993 £
Work in Progress	50,784	23,683
Finished Goods and Goods for Resale	446,129	441,124
	<u>496,913</u>	<u>464,807</u>
11. DEBTORS		
Trade Debtors	892,797	885,057
Other Debtors	35,305	7,739
Amounts due from Subsidiary Undertaking	10,770	-
Prepayments and Accrued Income	26,209	6,905
	<u>965,081</u>	<u>899,701</u>
12. CREDITORS - Amounts falling due within One Year:		
Bank Loans and Overdrafts	399,947	83,182
Trade Creditors	717,588	769,621
Other Creditors	15,000	40,403
Amounts due to Subsidiary Undertaking	-	40,674
Corporation Tax	62,105	105,910
Obligations under Finance Leases and Hire Purchase Contracts	115,631	109,425
Other Taxes and Social Security Costs	143,176	164,548
Directors Loan Account	29	38
Accruals and Deferred Income	12,749	9,822
	<u>1,466,225</u>	<u>1,323,623</u>

The Bank Loans and Overdraft are secured by a legal mortgage over the Freehold Land and Buildings and a floating charge over all the company's other assets. The finance leases and hire purchase contracts are secured on the assets concerned.

M L ELECTRO OPTICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1994

	1994	1993
	£	£
13. CREDITORS - Amounts falling due after more than One Year:		
Bank Loans	75,207	36,052
Obligations under Finance Leases and Hire Purchase Contracts	<u>75,743</u>	<u>89,944</u>
	<u>150,950</u>	<u>125,996</u>

The Bank Loans are secured by a legal mortgage over the Freehold Land and Buildings and a floating charge over all the company's other assets and are repayable by monthly instalments including interest at commercial rates. It is estimated that £35,759 (1993 £11,624) is repayable in more than five years. The other creditors are wholly repayable within five years. The finance leases and hire purchase contracts are secured on the assets concerned.

14. DEFERRED TAXATION	1994	1993
	Amount <u>Provided</u>	Amount <u>Unprovided</u>
Equalisation of Capital Allowances	<u>-</u>	<u>-</u>

15. CALLED UP SHARE CAPITAL	1994	1993
	£	£
Authorised 10,000 Ordinary Shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, Issued and Fully Paid 1,000 Ordinary Shares of £1 each	<u>1,000</u>	<u>1,000</u>

16. PROFIT AND LOSS ACCOUNT		
Balance at 1 August 1993	370,990	194,713
Profit retained for the year	<u>56,171</u>	<u>176,277</u>
Balance at 31 July 1994	<u>427,161</u>	<u>370,990</u>

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS		
Profit for the Year	56,171	176,277
Shareholders Funds at 1 August 1993	<u>371,990</u>	<u>195,713</u>
Shareholders Funds at 31 July 1994	<u>428,161</u>	<u>371,990</u>

M L ELECTRO OPTICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1994

18. CAPITAL COMMITMENTS

At the year end the company had no capital commitments contracted or authorised by directors not provided for in these financial statements.

19. OTHER COMMITMENTS

At 31 July 1994 the company had the following annual commitments under non-cancellable operating leases as follows:-

Expiry Date:-	1994	Other 1993
Within One Year	-	801
Between Two and Five Years	4,624	-

20. PENSION COMMITMENTS

The company operates defined contribution pension schemes for its directors and employees.

The assets of the schemes are held separately from those of the company in independently administered funds.

	1994	1993
	£	£
21. RECONCILIATION OF OPERATING PROFIT AND NET INFLOW FROM OPERATING ACTIVITIES		
Operating Profit	170,963	335,810
Depreciation	168,725	133,908
Loss on Sale of Tangible Fixed Assets	27,491	15,692
Increase in Stock and Work in Progress	(32,106)	(68,688)
Increase in Debtors	(65,380)	(205,439)
Increase in Creditors	(136,564)	317,334
NET CASH INFLOW FROM ORDINARY ACTIVITIES	<u>133,129</u>	<u>528,617</u>

22. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

Balance at 01.08.93	(52,012)	(323,872)
Net Cash (Outflow)/Inflow	<u>(323,831)</u>	<u>271,860</u>
Balance at 31.07.94	<u>(375,843)</u>	<u>(52,012)</u>

M L ELECTRO OPTICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1994

23. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS
AS SHOWN IN THE BALANCE SHEET

	1994	Change	1993
	£	£	£
Cash at Bank and in Hand	16,830	(8,233)	25,063
Bank Overdraft	(392,673)	(315,598)	(77,075)
	<u>(375,843)</u>	<u>(323,831)</u>	<u>(52,012)</u>

24. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	<u>Bank Loans</u>	<u>Hire Purchase Creditors</u>	<u>Finance Leases</u>	<u>Share Capital</u>
	£	£	£	£
Balance at 01.08.93	42,159	165,789	33,580	1,000
Cash Inflow/(Outflow) from Financing	40,322	2,046	(10,041)	-
Balance at 31.07.94	<u>82,481</u>	<u>167,835</u>	<u>23,539</u>	<u>1,000</u>