

GARWOOD COMMUNICATIONS LIMITED
ABBREVIATED ACCOUNTS
AND AUDITOR'S REPORT - 31 DECEMBER 1995

Company Registration Number 2776163



GARWOOD COMMUNICATIONS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 1995

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 Group and company and of the profit or loss of the Group and 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;
- state whether applicable accounting standards have been followed, 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.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR'S REPORT

AUDITOR'S REPORT TO THE DIRECTORS OF GARWOOD COMMUNICATIONS LIMITED PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985.

We have examined the abbreviated accounts on pages 4 to 9 together with the full accounts of Garwood Communications Limited and its subsidiary undertakings for the year ended 31 December 1995. 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 Director's statement on page 4 of these accounts and the requirement to prepare group accounts and that the abbreviated accounts have been properly prepared from the full accounts.

In our opinion the company is entitled under Sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act in respect of the year ended 31 December 1995 and the abbreviated accounts on pages 4 to 8 have been properly prepared in accordance with that Schedule.

On 30 October 1996 we reported, as auditors of Garwood Communications Limited, to the members on the full accounts prepared under Section 226 of the Companies Act 1985 for the year ended 31 December 1995, and our opinion was as follows:

We have audited the accounts on pages 5 to 17, which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on pages 2 and 3 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.

AUDITOR'S REPORT (Continued)

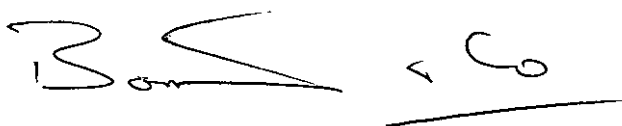
BASIS OF OPINION

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 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 information in the accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of the Company's affairs and of the Group as at 31 December 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Barratt & Company
Chartered Accountants and Registered Auditors
41 Couching Street
Watlington
Oxon
OX9 5PX

30 October 1996

GARWOOD COMMUNICATIONS LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 DECEMBER 1995

	Notes	1995 £	1994 £
TANGIBLE FIXED ASSETS	2	75.724	47.615
INVESTMENTS	3	15.480	-
CURRENT ASSETS			
Stocks		99.157	67.523
Debtors	4	287.391	143.013
Cash at bank and in hand		<u>236</u>	<u>45.678</u>
		386.784	256.214
CREDITORS:			
Amounts falling due within one year	5	(322.452)	(185.639)
NET CURRENT ASSETS		<u>64.332</u>	<u>70.575</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		155.536	118.190
CREDITORS :			
Amounts falling due after more than one year	6	(205.678)	(6.257)
NET (LIABILITIES)/ASSETS		<u>(50,142)</u>	<u>111,933</u>
CAPITAL AND RESERVES			
Issued and called up share capital	7	81.250	1.000
Share premium account	7	48.750	-
Preference shares	7	32.000	-
Profit and loss account		<u>(212.142)</u>	<u>110.933</u>
TOTAL CAPITAL EMPLOYED		<u>(50,142)</u>	<u>111,933</u>

Advantage has been taken of the exemptions conferred by Part III of Schedule 8 to the Companies Act 1985 on the grounds that in the director's opinion, the Company is entitled to the benefit of those exemptions as a small company

Signed on behalf of the Board on 30 October 1996

C Lindop

Director



The accompanying notes form an integral part of this Balance Sheet

GARWOOD COMMUNICATIONS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1995

1. ACCOUNTING POLICIES

The principal accounting policies, all of which have been applied consistently throughout the year, are as follows:-

a. Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

b. Tangible fixed assets

Fixed assets are shown at original historical cost less accumulated depreciation. Depreciation is provided on a reducing balance basis at the following rates:

Fixtures, fittings and computer equipment	- 25%
Plant & machinery	- 25%

c. Stock and Work in progress

Stocks are stated at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are based on purchase cost on a first-in, first out basis. Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

d. Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Advance corporation tax payable on dividends paid or provided for in the year is written off, except when recoverability against corporation tax payable is considered to be reasonably assured. Credit is taken for advance corporation tax written off in previous years when it is recovered against corporation tax liabilities.

NOTES TO THE ABBREVIATED ACCOUNTS (Continued)

1. ACCOUNTING POLICIES (Continued)

d. Taxation Continued.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax authorities) has been calculated on the liability method. Deferred tax is provided on timing differences, which will probably reverse at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

e. Turnover

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services in the normal course of business.

f. Cash flow statement

The directors have taken advantage of the exemptions conferred by FRS1 for small companies and have therefore elected not to present a cash flow statement.

g. Investments

Fixed asset investments are shown at cost less amounts written off. Provisions are made for permanent reductions in value.

h. Leases

The company enters into operating and finance leases.

Assets held under finance leases are initially reported at the present value of the asset with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over the shorter of the lease term and its useful economic life. Finance costs are allocated to accounting periods over the period of the lease.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if payments are not made on such a basis.

NOTES TO THE ABBREVIATED ACCOUNTS (Continued)

2. TANGIBLE FIXED ASSETS

The movement on tangible fixed assets was as follows:

	Plant & machinery £	Fixtures, Fittings and Computer Equipment £	<u>Total</u> £
COST			
Beginning of year	45,894	21,157	67,051
Additions	18,491	42,407	60,898
End of year	64,385	63,564	127,949
DEPRECIATION			
Beginning of year	12,764	6,672	19,436
Charge for year	16,527	16,262	32,789
End of year	29,291	22,934	52,225
NET BOOK VALUE			
Beginning of year	33,130	14,485	47,615
End of year	35,094	40,630	75,724

3. INVESTMENTS

The following are included in the net book value of fixed asset investments

	<u>1995</u>
Subsidiary undertakings	£
Balance brought forward	Nil
Further shares purchased in year	15,480
Balance carried forward	15,480

The subsidiary undertaking comprises the Company's 100% holding of the following:

	<u>Country of Incorporation</u>	<u>Class and Percentage of Shares</u>
Garwood Communications Inc.	U.S.A.	Ordinary 100%
I E M Systems Limited	Eire	Ordinary 100%

NOTES TO THE ABBREVIATED ACCOUNTS (Continued)

4. DEBTORS

Included in trade debtors is amounts due from Subsidiary Undertakings. At the year end £100,000 of this total was falling due after more than one year.

5. CREDITORS:

Amounts falling due within one year

	<u>1995</u>	<u>1994</u>
	£	£
Bank loans and overdrafts	85,176	23,772
Trade creditors	178,611	67,319
Corporation tax	-	36,055
Hire purchase obligations	1,384	3,934
Other taxes and social security	12,640	653
Accruals and deferred income	15,869	16,818
Other creditors		4,000
ACT on dividends paid	-	7,500
Directors' loans	28,772	25,588
	<u>322,452</u>	<u>185,639</u>

6. CREDITORS:

Amounts falling due after one year

	<u>1995</u>	<u>1994</u>
	£	£
Bank loans and overdrafts	33,764	-
Amounts due to subsidiary undertakings	168,000	-
Hire purchase obligations	3,914	6,257
	<u>205,678</u>	<u>6,257</u>

The Company's bankers hold fixed and floating charges on the assets of the Company. On 30 October 1996 the intergroup loan of £168,000 was repaid and a further investment in the company of £168,000 was made in the form of new Preference shares-See Note 8.

NOTES TO THE ABBREVIATED ACCOUNTS (Continued)

7. CALLED UP SHARE CAPITAL

	<u>1995</u>	<u>1994</u>
	£	£
<u>Preference shares</u>		
£1 9% Cumulative Redeemable Preference shares	<u>32,000</u>	<u>-</u>
<u>Ordinary shares:</u>		
Authorised, issued and fully-paid £1 ordinary shares	-	1,000
Allotted, issued and fully-paid £1 ordinary shares	<u>-</u>	<u>1,000</u>
Authorised, issued and fully-paid 25 pence ordinary shares	81,250	-
Allotted, issued and fully-paid 25 pence ordinary shares	<u>81,250</u>	<u>-</u>

During the year the company increased its Authorised share capital by the creation of 325,000 25p Ordinary shares and 32,000 £1 Cumulative Redeemable Preference shares. As a result of the above a share premium of £48,750 arose.

8. POST BALANCE SHEET EVENTS

On 30 October 1996 the intergroup loan due to the subsidiary undertaking I E M Systems Limited from the company was repaid. Immediately afterwards I E M Systems Limited redeemed with the shareholders agreement the 168,000 Irish Preference Shares and the same were cancelled. On 30 October 1996 the company issued a further 168,000 £1 preference shares which were paid for on issue.