

GARWOOD COMMUNICATIONS LIMITED

ABBREVIATED ACCOUNTS

AND AUDITOR'S REPORT - 31 DECEMBER 1996

Company Registration Number 2776163



**GARWOOD COMMUNICATIONS LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

**FOR THE YEAR ENDED 31 DECEMBER 1996**

**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:

- ñ select suitable accounting policies and then apply them consistently;
- ñ make judgements and estimates that are reasonable and prudent;
- ñ 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 Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect 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 for the year ended 31 December 1996. 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 5 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 1996 and the abbreviated accounts on pages 4 to 9 have been properly prepared in accordance with that Schedule.

On 1 December 1997 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 1996, and our opinion was as follows:

We have audited the accounts on pages 5 to 15, which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

#### **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.

## 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 as at 31 December 1996 and of its profit 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

1 December 1997

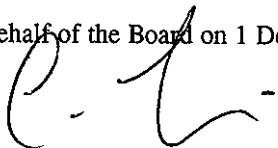
**GARWOOD COMMUNICATIONS LIMITED**

**ABBREVIATED BALANCE SHEET AS AT 31 DECEMBER 1996**

	Notes	1996 £	1995 £
INTANGIBLE FIXED ASSETS		90,793	-
TANGIBLE FIXED ASSETS	2	70,508	75,724
INVESTMENTS	3	-	15,480
CURRENT ASSETS			
Stocks		95,359	99,157
Debtors	4	353,542	287,391
Cash at bank and in hand		666	236
		<u>449,567</u>	<u>386,784</u>
CREDITORS:			
Amounts falling due within one year	5	(379,905)	(322,452)
NET CURRENT ASSETS		<u>69,662</u>	<u>64,332</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		230,963	155,536
CREDITORS :			
Amounts falling due after more than one year	6	(229,091)	(205,678)
NET ASSETS/(LIABILITIES)		<u><u>1,872</u></u>	<u><u>(50,142)</u></u>
CAPITAL AND RESERVES			
Issued and called up share capital	7	81,250	81,250
Share premium account	7	48,750	48,750
Preference shares	7	32,000	32,000
Profit and loss account		(160,128)	(212,142)
TOTAL CAPITAL EMPLOYED		<u><u>1,872</u></u>	<u><u>(50,142)</u></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 1 December 1997



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 1996**

**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> £
<b>COST</b>			
Beginning of year	64,385	63,564	127,949
Additions	17,110	12,440	29,550
End of year	81,495	76,004	157,499
<b>DEPRECIATION</b>			
Beginning of year	29,291	22,934	52,225
Charge for year	17,279	17,487	34,766
End of year	46,570	40,421	86,991
<b>NET BOOK VALUE</b>			
Beginning of year	35,094	40,630	75,724
End of year	34,925	35,583	70,508

### 3. INVESTMENTS

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

	<u>1996</u>
Subsidiary undertakings	£
Balance at beginning of year	15,480
Amounts written off	(15,480)
Balance at end of year	-

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

	<u>Country of Incorporation</u>	<u>Class and Percentage of Share</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 £96,774 of this total was falling due after more than one year.

### **5. CREDITORS:**

<b>Amounts falling due within one year</b>	<u>1996</u>	<u>1995</u>
	£	£
Bank loans and overdrafts	76,433	85,176
Trade creditors	148,247	178,611
Other loans	53,978	-
Corporation Tax	893	-
Hire purchase obligations	11,498	1,384
Other taxes and social security	9,553	12,640
Accruals and deferred income	33,721	15,869
Directors' loans	45,582	28,772
	<u>379,905</u>	<u>322,452</u>

### **6. CREDITORS:**

#### **Amounts falling due after one year**

	<u>1996</u>	<u>1995</u>
	£	£
Bank loans and overdrafts	61,091	33,764
Amounts due to subsidiary undertakings	168,000	168,000
Hire purchase obligations	-	3,914
	<u>229,091</u>	<u>205,678</u>

The Company's bankers hold fixed and floating charges on the assets of the Company.

## NOTES TO THE ABBREVIATED ACCOUNTS (Continued)

### **7. CALLED UP SHARE CAPITAL**

	<u>1996</u>	<u>1995</u>
	£	£
<u>Preference shares</u>		
9% £1 Cumulative Redeemable Preference shares	<u>32,000</u>	<u>32,000</u>
<u>Ordinary shares:</u>		
Authorised, issued and fully-paid 25 pence ordinary shares	81,250	81,250
Allotted, issued and fully-paid 25 pence ordinary shares	<u>81,250</u>	<u>81,250</u>

During the previous 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**

During the 1997 financial year it is planned that the intergroup loan due to the subsidiary undertaking I E M Systems Limited from the company will be repaid. Immediately afterwards I E M Systems Limited will redeem, with the shareholders agreement, the 168,000 £1 Irish Preference Shares and the same will be cancelled. Furthermore the company will then issue a further 168,000 £1 preference shares to be paid for on issue.