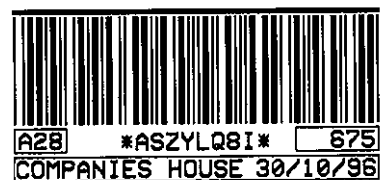


SMART PHONE SYSTEMS LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 1995**

Company No :2817575



SMART PHONE SYSTEMS LIMITED

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SMART PHONE SYSTEMS LIMITED

COMPANY INFORMATION

Directors	Mr T Pathamanabhan
Secretary	Mrs T Pathamanabhan
Registered Office	176 Franciscan Road Tooting London SW17 8HH
Registered Number	2817575
Auditors	Farrington & Co 176 Franciscan Road Tooting London SW17 8HH
Bankers	National Westminster Southall Branch 69 The Broadway Middlesex London UBI 1LD

SMART PHONE SYSTEMS LIMITED

REPORT OF THE DIRECTORS

Financial Statements

The directors present their report and financial statements for the year ended 30 September 1995.

Statement of Directors Responsibilities

Company law requires the directors to prepare the financial statements for each year which give a true and fair view of the state of affairs of the company and of the profit and 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;

- state whether applicable accounting standards have been followed , subject to any material departures disclosed and explained in the financial statements , and

- 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 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.

Principal activities

The principal activity of the company is the retailing of mobile phones and accessories.

Results and Dividend

The profit for the year after tax amounted to £10,119 and this amount has been dealt with as follows.

Transfer to Reserves £10,119

£10,119

The directors do not propose any dividends.

Directors and their interests

Mr M A Athas resigned as a director on 15 May 1995. Mr T Pathamanabhan was appointed as director on this date and has served as director since this date.

The directors interests in the share capital of the company as at 30 September 1995 were :

Ordinary Shares of £1 each
30 September 1995 & 1994

Mr M A Athas (resigned 15 May 1995)	28
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Fixed Assets

The movement in tangible fixed assets during the year is set out in note 4 to the financial statements.

Auditors

The auditors, Farrington & Co. are willing to continue in office, and a resolution to reappoint them will be proposed at the Annual General Meeting.

This report was approved by the Board on 18 October 1996 and signed on its behalf by :



Mr T Pathmanabhan
Director

**REPORT OF THE AUDITORS
TO THE MEMBERS OF
SMART PHONE SYSTEMS LIMITED**

We have audited the financial statements on pages 5 to 10 which have been prepared on the basis of accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the Company's directors are responsible for the preparation of financial statement. It is our responsibility to form an independent opinion, based on our audit, on those 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 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.

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 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 affairs of the Company as at 30 September 1995 and of the profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Date: 23 October 1996

Farrington & Co.
Certified Accountants & Registered Auditors

SMART PHONE SYSTEMS LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 30 SEPTEMBER 1995**

	Note	1995 £	Period to 30 Sept. 1994 £
Turnover	1	307,202	293,848
Cost of Sales		249,241	236,595
Gross Profit		<u>57,961</u>	<u>57,253</u>
Administrative Expenses		44,341	28,752
Operating Profit		<u>13,620</u>	<u>28,501</u>
Interest receivable and similar income		121	73
Profit on ordinary activities before taxation	2	13,741	28,574
Taxation	5	3,622	7,206
Profit on ordinary activities after taxation		<u>10,119</u>	<u>21,368</u>
Dividends	11	--	20,000
Retained profit for the year and transfer to reserves	12	<u>10,119</u>	<u>1,368</u>

There were no recognised gains or losses other than those reported above.

SMART PHONE SYSTEMS LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 1995

	Note	1995		1994	
		£	£	£	£
Fixed Assets					
Tangible Assets	4		8,432		4,270
Current Assets					
Stocks	6	8,693		22,245	
Debtors and prepayments	7	19,609		11,609	
Cash at bank and in hand		125		100	
		<u>28,427</u>		<u>33,954</u>	
Creditors : Amounts falling due within one year	8	<u>25,272</u>		<u>36,756</u>	
Net Current Liabilities Assets/(Liabilities)			3,155		(2,802)
		<u>11,587</u>		<u>1,468</u>	
Capital and Reserves					
Called up share capital	10		100		100
Profit and Loss Account	12		11,487		1,368
		<u>11,587</u>		<u>1,468</u>	

The financial statements were approved by the board on 18 October 1996 and signed on its behalf by :



Mr T Pathamanabhan
Director

SMART PHONE SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1995

1. Accounting Policies

Basis of accounting

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

Cash Flow Statement

The company has not prepared a cash flow statement as it is a small company under section 248 of the Companies Act 1985 and is therefore exempt from the requirement to prepare a cash flow statement.

Turnover

Turnover consists of the invoiced value (excluding VAT) for goods and services supplied during the year, and commissions and bonuses received during the year.

Tangible fixed assets and depreciation

Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values. The principal rates used are:

Fixtures, fittings and equipment	25% Straight Line
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Stocks

Stocks are valued at the lower of cost and estimated net realisable value

2. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is arrived at after charging :

	1995	1994
	£	£
Auditors remuneration		
Audit work	700	700
Other services	1,298	1,028
Depreciation of tangible fixed assets	3,285	1,425

SMART PHONE SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 1995

3. Employees and Pensions

Average weekly number of employees, including directors :

	1995	1994
	No	No
Administration and selling	3	2
	£	£
Staff costs, including directors :		
Wages and salaries	20,992	13,872
Social security costs	1,548	745
	<u>22,540</u>	<u>14,617</u>

Aggregate emoluments of the company's directors amounted to £5,235 (1994 :£8204)
The emoluments of the chairman and highest paid director amounted to £5,235 (1994: £8204)

4. Tangible Fixed Assets

	Fixtures Fittings & Equipment £	Total £
Cost		
As at 1 October 1994	5,695	5,695
Additions during the year	7,447	7,447
As at 30 September 1995	<u>13,142</u>	<u>13,142</u>
Depreciation		
As at 1 October 1994	1,425	1,425
Charge for the year	3,285	3,285
As at 30 September 1995	<u>4,710</u>	<u>4,710</u>
Net Book Value		
As at 30 September 1995	<u>8,432</u>	<u>8,432</u>
As at 30 September 1994	<u>4,270</u>	<u>4,270</u>

SMART PHONE SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 1995

5. Taxation

	1995 £	1994 £
Taxation charge for the period		
Corporation tax at 25%	3,622	7,206

6. Stocks

	£	£
Finished Goods	8,693	22,245

7. Debtors and Prepayments

	£	£
Trade Debtors	309	6,609
ACT Recoverable	5,000	5,000
Loan to Director (see note 9)	14,300	--
	19,609	11,609

8. Creditors :Amounts falling due within one year

	£	£
Bank Overdraft	6,387	1,438
Trade Creditors	10,596	--
Corporation Tax inc. ACT	3,622	12,206
Other Taxes & Social Security	3,349	677
Accruals	1,318	2,435
Dividend	--	20,000
	25,272	36,756

SMART PHONE SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 1995

9. Loan to Director

During the year the company made a loan to its director, Mr T Pathamanabhan of £14,300. This amount remains outstanding at the year end and was the maximum amount loaned to the director. The director has agreed to pay interest at 10% per annum on the loan. The amount of interest due as at 30 September 1995 but not accrued is £490. The loan is repayable within four years.

10. Share Capital

	1995 & 1994 Authorised	1995 & 1994 Allotted and fully paid
Ordinary shares of £1 each	£1000	£100

11. Dividend

	1995 £	1994 £
Proposed dividend of £200 per share.	Nil	20,000

12. Profit and Loss Account

	1995 £	1994 £
Balance brought forward	1,368	--
Retained profit for the year	10,119	1,368
Balance carried forward	11,487	1,368