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MOORE STEPHENS

ALYPH LIMITED

REPORT AND FINANCIAL STATEMENTS

30th NOVEMBER 1996



Alyph Limited

Director

A. Saran

Secretary and Registered Office

Cornhill Secretaries Limited
St. Paul's House, Warwick Lane, London, EC4P 4BN

Auditors

Moore Stephens
Chartered Accountants
St. Paul's House, Warwick Lane, London, EC4P 4BN

Report of the Director

The director presents his report and audited financial statements for the year ended 30th November 1996.

Review of Activities

The principal activity of the company is that of project brokers.

Results and Dividends

The profit for the year amounted to £94,194 and the director recommends that this amount be transferred to reserves.

The director does not recommend the payment of a dividend.

Director's Interests

The director had no interest as defined by the Companies Act 1985 in the share capital of the company at any time during the period.

Auditors

The auditors, Messrs Moore Stephens are willing to continue in office. A resolution for their re-appointment and authorising the director to fix their remuneration will be submitted to the annual general meeting.

In preparing this report advantage has been taken of the exemptions applicable to small companies.

By Order of the Board



CORNHILL SECRETARIES LIMITED

8th October 1997

Secretary

Alyph Limited**Statement of Directors' Responsibilities**

Company law requires the director 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. He is 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.

Report of the Auditors to the Members of Alyph Limited

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective Responsibilities of Directors and Auditors

As described on page 2 the company's director is responsible for the preparation of the financial statements. 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.

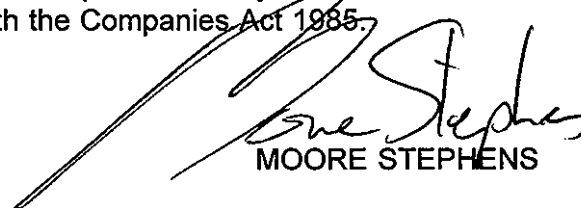
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity 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 at 30th November 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

St. Paul's House,
London, EC4P 4BN

8H October 1997



MOORE STEPHENS

Registered Auditor
Chartered Accountants

Alyph Limited

Profit and Loss Account
For the year ended 30th November 1996

	<u>Note</u>	<u>1996</u>	<u>1995</u>
Turnover	1(b)	695,675	470,152
Administrative expenses		(581,827)	(449,831)
		<hr/>	<hr/>
Operating Profit	2	113,848	20,321
Interest receivable		17,630	24,814
		<hr/>	<hr/>
Profit on Ordinary Activities before Taxation		131,478	45,135
Taxation charge for the period	4	(37,284)	(16,897)
		<hr/>	<hr/>
Retained Profit for the Period		£ 94,194	£ 28,238
		<hr/>	<hr/>
Summary of Retained Profits			
At 1st December 1995		45,522	17,284
Profit for the financial period		94,194	28,238
		<hr/>	<hr/>
At 30th November 1996		£ 139,716	£ 45,522
		<hr/>	<hr/>

All turnover relates to continuing activities and there are no recognised gains or losses other than those shown in the profit and loss account.

Alyph Limited

Balance Sheet at 30th November 1996

	Note	1996	1995
Fixed Assets			
Tangible assets	5	77,474	69,073
Current Assets			
Debtors	6	775,362	504,118
Cash at bank and in hand		123,091	275,261
		898,453	779,379
Creditors, amounts falling due within one year	7	(66,522)	(32,563)
Net Current Assets		831,931	746,816
Total Assets Less Current Liabilities		909,405	815,889
Creditors, amounts falling due after more than one year	7	(714,536)	(714,536)
Provision for liabilities and charges	9	(5,153)	(5,831)
		£ 189,716	£ 95,522
Capital and Reserves Attributable to Equity Shareholders			
Called up share capital	10	50,000	50,000
Profit and loss account		139,716	45,522
		£ 189,716	£ 95,522

In preparing these accounts, advantage has been taken of the exemptions applicable to small companies on the grounds that the director believes that the company is a small company.

The financial statements were approved by the director on 29th September 1997

A. SARAN - Director



Alyph Limited**Financial Statements for the year ended 30th November 1996****Notes****1. Principal Accounting Policies****(a) Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

(b) Turnover

Turnover represents fees and commissions receivable on brokering deals.

Income is recognised in accordance with the terms in individual contracts.

(c) Expenses

Expenses on ongoing projects are accounted for as incurred.

(d) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at the following rates which aim to write off the cost of the assets over their expected useful lives:

Fixtures	- 15% per annum on cost
Office equipment	- 15% per annum on cost

(e) Operating leases

The cost of operating leases are charged as incurred.

(f) Foreign currencies

Transactions in foreign currencies during the year are translated into sterling at the rate of exchange ruling at the time of the transaction. Liabilities and current assets expressed in foreign currencies at the balance sheet date are translated into sterling at the rates ruling at that date.

(g) Deferred taxation

Deferred taxation is provided for on the liability method in respect of taxation effects of all timing differences of a material amount other than those which can be demonstrated with reasonable probability to continue into the foreseeable future.

Alyph Limited**Financial Statements for the year ended 30th November 1996****Notes (Continued)****2. Operating Profit**

Operating profit is stated after charging:

	<u>1996</u>	<u>1995</u>
	£	£
Depreciation on tangible fixed assets	18,214	14,227
Auditors' remuneration for audit services	4,500	4,500
Amounts paid under operating leases for land and buildings	83,333	80,000
	<u> </u>	<u> </u>

3. Staff Costs

Wages and salaries	195,161	147,414
Social security costs	19,447	14,784
	<u> </u>	<u> </u>
£	214,608	£ 162,198
	<u> </u>	<u> </u>

The average number of employees during the period was 6, (1995: 6) employed in project development.

4. Taxation on Ordinary Activities

United Kingdom corporation tax based on the taxable profit for the period, at 24.7% (1995 - 25%)

	38,500	10,000
Prior year (overprovision)/underprovision	(538)	1,066
Deferred taxation	(678)	5,831
	<u> </u>	<u> </u>
£	37,284	£ 16,897
	<u> </u>	<u> </u>

Alyph Limited

Financial Statements for the year ended 30th November 1996

Notes (Continued)

5. Tangible Fixed Assets

	Office Equipment	Furniture	Total
Cost			
At 1st December 1995	43,299	51,557	94,856
Additions	18,046	8,569	26,615
	<hr/>	<hr/>	<hr/>
At 30th November 1996	£ 61,345	£ 60,126	£ 121,471
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1st December 1995	10,317	15,466	25,783
Charge for the period	9,202	9,012	18,214
	<hr/>	<hr/>	<hr/>
At 30th November 1996	£ 19,519	£ 24,478	£ 43,997
	<hr/>	<hr/>	<hr/>
Net book value			
At 30th November 1996	£ 41,826	£ 35,648	£ 77,474
	<hr/>	<hr/>	<hr/>
At 30th November 1995	£ 32,982	£ 36,091	£ 69,073
	<hr/>	<hr/>	<hr/>

6. Debtors

	<u>1996</u>	<u>1995</u>
Due within one year:		
Trade debtors	660,675	383,132
Other debtors	13,961	106,078
Prepayments and accrued income	20,726	14,908
	<hr/>	<hr/>
	£ 695,362	£ 504,118
Due after more than one year:		
Lease deposit	80,000	-
	<hr/>	<hr/>
	£ 775,362	£ 504,118
	<hr/>	<hr/>

Alyph Limited

Financial Statements for the year ended 30th November 1996

Notes (Continued)

7. Creditors

	<u>1996</u>	<u>1995</u>
Amounts falling due within one year		
Corporation tax	38,500	10,000
Taxation and social security payable	9,856	6,541
Accruals and deferred income	18,166	15,019
Other creditors	-	1,003
	<hr/>	<hr/>
	£ 66,522	£ 32,563
	<hr/>	<hr/>
Amounts falling due after more than one year		
Unsecured loan from parent company	£ 714,536	£ 714,536
	<hr/>	<hr/>

This loan is unsecured and interest free.

8. Lease Obligations

The company has the following annual commitments in respect of non-cancellable leases which expire:

	<u>Land and Buildings</u>	<u>Land and Buildings</u>
Less than one year	-	80,000
Within 1-2 years	100,000	-
	<hr/>	<hr/>

9. Provision for Liabilities and Charges

	<u>1996</u>	<u>1995</u>
Deferred taxation		
Provision as at 1st December 1995	5,831	-
Release/charge for the year	(678)	5,831
	<hr/>	<hr/>
Provision as at 30th November 1996	£ 5,153	£ 5,831
	<hr/>	<hr/>

The deferred taxation provision relates to accelerated capital allowances £5,153 (1995: £3,276) and short term timing differences £Nil (1995: £2,555).

Alyph Limited**Financial Statements for the year ended 30th November 1996****Notes (Continued)****10. Called Up Share Capital**

	<u>1996</u>	<u>1995</u>
Authorised		
250,000 ordinary shares of £1 each	£ 250,000	£ 250,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
50,000 ordinary shares of £1 each	£ 50,000	£ 50,000
	<u> </u>	<u> </u>

11. Ultimate Parent Company

In the opinion of the director, the ultimate parent company is Alpha Global Inc, a company incorporated in Panama.