

INTERNATIONAL TELECOMMUNICATIONS EQUIPMENT LIMITED

(Company No. 2948510)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1996

CONTENTS

Page

1	Directors' Report
2	Auditors' Report
3	Auditors' Report (s.248(3) exemption)
4	Profit and Loss Account
5	Balance Sheet
6 - 8	Notes to the Financial Statements
9	Detailed Trading Results

JUSTICE & CO.
Chartered Accountants



INTERNATIONAL TELECOMMUNICATIONS EQUIPMENT LIMITEDREPORT OF THE DIRECTORSFOR THE YEAR ENDED 31ST MARCH 1996

The directors present herewith their report with the financial statements of the company for the year ended 31st March 1996.

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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue to operate.

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 in the period under review was the supply, installation and servicing of telecommunication systems and office machinery.

DIRECTORS

The directors in office during the period and their beneficial interests in the issued ordinary share capital were as follows :-

	<u>Ordinary Shares of £1 each</u>	
	<u>31st March 1996</u>	<u>31st March 1995</u>
Mrs. I.J. Hephner	50	50
A. Adel	50	50

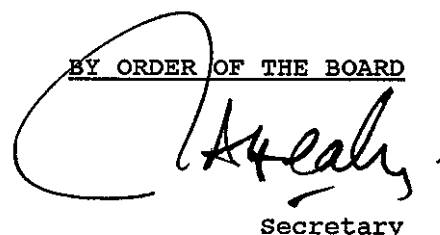
AUDITORS

The auditors, Mesrs. Justice & Co., will be proposed for re-appointment in accordance with Section 384 of the Companies Act 1985.

SMALL COMPANY RULES

Advantage has been taken in the preparation of this report of the special exemptions applicable to small companies.

BY ORDER OF THE BOARD



Secretary

9th October 1996

AUDITORS' REPORT TO THE SHAREHOLDERS OF

INTERNATIONAL TELECOMMUNICATIONS EQUIPMENT LIMITED

We have audited the financial statements set out on pages 4 to 8 in accordance with auditing standards.

Respective responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for the preparation of 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 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 31st March 1996, and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Justice + Co

Chartered Accountants
and Registered Auditor

72, Poulters Lane,
Worthing,
West Sussex,
BN14 7SZ.

9th October 1996

AUDITORS' REPORT TO THE DIRECTORS OF
INTERNATIONAL TELECOMMUNICATIONS EQUIPMENT LIMITED
PURSUANT TO SECTION 248(3) OF THE COMPANIES ACT 1985

We have examined the financial statements of the company and its subsidiary for the year ended 31st March 1996.

Basis of opinion

The scope of our work for the purpose of this report was limited to confirming that the company is entitled to exemption from preparing group financial statements.

Opinion

In our opinion the company is entitled to the exemption from preparing group accounts conferred by section 248 of the Companies act 1985.

Justice + Co

Chartered Accountants
and Registered Auditor

72, Poulters Lane,
Worthing,
West Sussex,
BN14 7SZ.

9th October 1996

INTERNATIONAL TELECOMMUNICATIONS EQUIPMENT LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31ST MARCH 1996

	<u>Notes</u>	<u>1996</u>		<u>For the period</u> <u>14th July 1994 to</u> <u>31st March 1995</u>	
		£	£	£	£
Sales	1		876,570		427,288
COST OF SALES			408,281		242,893
GROSS PROFIT			468,289		184,395
Distribution and Selling Costs		37,041		30,875	
Establishment Expenses		48,659		11,895	
Administration and Other Costs		254,027		132,714	
			339,727		175,484
OPERATING PROFIT	2		128,562		8,911
Income from Investment in Subsidiary: Dividend Received			-		40,000
Interest Received			2,535		723
Interest Paid			(3,757)		-
PROFIT ON ORDINARY ACTIVITIES, before taxation			127,340		49,634
Taxation	3		32,134		3,085
PROFIT ON ORDINARY ACTIVITIES, after taxation			95,206		46,549
Dividend paid on Equity Shares			40,000		-
RETAINED PROFIT FOR THE FINANCIAL YEAR			55,206		46,549
Retained Profits, brought forward			46,549		-
Retained Profits, carried forward			£ 101,755		£ 46,549

Notes

1. There are no recognised gains and losses in the year other than the profit for the year.
2. All turnover and operating profit was derived from continuing operations.

INTERNATIONAL TELECOMMUNICATIONS EQUIPMENT LIMITED

BALANCE SHEET AS AT 31ST MARCH 1996

	<u>Notes</u>	<u>1996</u>	<u>1995</u>
		£	£
<u>FIXED ASSETS</u>			
Tangible Assets	4	22,232	24,035
<u>INVESTMENT</u>			
Shares in Subsidiary Company	5	35,500	35,500
		<u>57,732</u>	<u>59,535</u>
<u>CURRENT ASSETS</u>			
Stock and Work in Progress		84,500	50,000
Trade Debtors		116,757	69,514
Other Debtors and Prepayments		5,250	5,250
Cash at Bank		124,835	52,046
		<u>331,342</u>	<u>176,810</u>
<u>CREDITORS - AMOUNTS FALLING DUE</u>			
<u>WITHIN ONE YEAR</u>			
Trade Creditors		40,026	19,409
Sundry Creditors and Accruals		130,947	89,420
Amount due to Subsidiary Company		23,377	42,382
Corporation Tax		35,219	3,085
		<u>229,569</u>	<u>154,296</u>
<u>NET CURRENT ASSETS/(LIABILITIES)</u>		101,773	22,514
		<u>£ 159,505</u>	<u>£ 82,049</u>
<u>CAPITAL AND RESERVES</u>			
Share Capital	6	100	100
Share Premium Account		57,650	35,400
Profit and Loss Account		101,755	46,549
		<u>£ 159,505</u>	<u>£ 82,049</u>

In preparing these financial statements we have relied on sections 246 and 247 of the Companies Act 1985 as enabling us to take advantage of the special exemptions applicable to small companies.

J. Mepher
Director

On behalf of International Telecommunications Equipment Limited

Approved by the Board on 9. 10. 96

INTERNATIONAL TELECOMMUNICATIONS EQUIPMENT LIMITEDNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31ST MARCH 19961. 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, which excludes value added tax, represents the net invoiced value of goods and services supplied.

(c) Depreciation

Depreciation is calculated so as to write off the cost of each asset over its estimated useful life, at the following rates:-

Office Equipment - 20% on written down value

(d) Stock and Work-in-Progress

Stock and Work-in-Progress is stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

(e) Leasing of Assets

Rentals paid under operating leases are charged to income on a straight-line basis over the lease term.

(f) Group Accounts

It is the policy of the company to take advantage of the exemptions conferred by section 248 of the Companies Act 1985 from preparing group accounts. These financial statements therefore present information about the company only, and not about the group of companies as a whole.

2. OPERATING PROFIT

Operating Profit is stated after charging:-

	<u>1996</u>	<u>1995</u>
	£	£
Depreciation:		
Owned tangible fixed assets	7,405	3,174
Auditors' Remuneration	1,000	750
Operating Lease Rentals:		
Motor Vehicles	11,133	4,672
Office Equipment	400	-
	<u> </u>	<u> </u>

INTERNATIONAL TELECOMMUNICATIONS EQUIPMENT LIMITEDNOTES TO THE FINANCIAL STATEMENTS (continued)FOR THE YEAR ENDED 31ST MARCH 19963. TAXATION

	<u>1996</u>	<u>1995</u>
Corporation Tax based on profits for the period at 25%	£ 32,134	£ 3,085

4. TANGIBLE FIXED ASSETS

	<u>Warehouse Plant</u> £	<u>Office Equipment</u> £	<u>Total</u> £
<u>Cost</u>			
As at 1st April 1995	-	27,209	27,209
Additions in Year	4,108	1,494	5,602
As at 31st March 1996	4,108	28,703	32,811
<u>Depreciation</u>			
As at 1st April 1995	-	3,174	3,174
Charge for Year	1,023	6,382	7,405
As at 31st March 1996	1,023	9,556	10,579
<u>Net Book Values</u>			
At 31st March 1996	£ 3,085	£ 19,147	£ 22,232
At 31st March 1995	£ -	£ 24,035	£ 24,035

INTERNATIONAL TELECOMMUNICATIONS EQUIPMENT LIMITEDNOTES TO THE FINANCIAL STATEMENTS (continued)FOR THE YEAR ENDED 31ST MARCH 19965. INVESTMENT IN SUBSIDIARY

	<u>1996</u>	<u>1995</u>
Interest acquired, at cost	<u>£ 100</u>	<u>£ 100</u>

Representing:

SOS Limited - Incorporated in England

- 100% of the Ordinary Share Capital held following purchase of company's net assets by an agreement dated 14th September 1994. SOS Limited has not traded since 31st August 1994.
- At 31st March 1996 it had called-up share capital of £100 and accumulated losses of £ 650.

6. CALLED UP SHARE CAPITAL

	<u>1996</u>	<u>1995</u>
Ordinary Shares of £1 each -		
Authorised	<u>£ 100</u>	<u>£ 100</u>
Issued and Fully Paid	<u>£ 100</u>	<u>£ 100</u>