

OPT-TEL SYSTEMS MANAGEMENT LIMITED

FINANCIAL STATEMENTS

31 AUGUST 1996

COMPANY NUMBER: 2906057

Baker Tilly  
Chartered Accountants  
Iveco Ford House  
Station Road  
Watford  
Herts  
WD1 1TG



**OPT-TEL SYSTEMS MANAGEMENT LIMITED**

**DIRECTORS AND OFFICERS**

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**DIRECTORS**

G R Bell  
D E Kimber  
J Leask

**SECRETARY**

G R Bell

**REGISTERED OFFICE**

2 Bloomsbury Street  
London  
WC1B 3ST

**AUDITORS**

Baker Tilly  
Chartered Accountants  
Iveco Ford House  
Station Road  
Watford  
Herts  
WD1 1TG

OPT-TEL SYSTEMS MANAGEMENT LIMITED

DIRECTORS' REPORT

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The directors submit the financial statements of Opt-Tel Systems Management Limited for the year ended 31 August 1996.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the sale of telecommunications equipment and the supply of specialist technical engineering and field operations telecommunications labour.

REVIEW OF THE BUSINESS

The company's profit and loss account for the year is set out on page 5.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £168,092.

The directors do not recommend the payment of a final dividend.

DIRECTORS

The following directors' have held office during the year.

G R Bell	
D E Kimber	
H D Sykes	(resigned 8.3.96)
J Leask	
M Snaith	(appointed 1.7.96, resigned 9.10.96)

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors have no interest in the shares of the company.

FIXED ASSETS

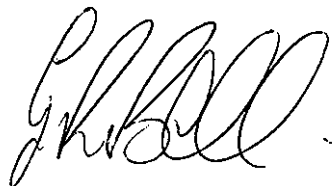
The significant changes in fixed assets during the year are explained in note 8 to the financial statements.

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board

G R Bell  
Secretary



24-4-97

OPT-TEL SYSTEMS MANAGEMENT LIMITED

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF  
FINANCIAL STATEMENTS

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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 year. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 requirements of 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.

**AUDITORS' REPORT TO THE MEMBERS OF OPT-TEL SYSTEMS MANAGEMENT LIMITED**

We have audited the financial statements on pages 5 to 12.

**Respective responsibilities of directors and auditors**

As described on page 3 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 at 31 August 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BAKER TILLY

Registered Auditor  
Chartered Accountants  
Iveco Ford House  
Station Road  
Watford  
Herts  
WD1 1TG

24-4-97

## OPT-TEL SYSTEMS MANAGEMENT LIMITED

## PROFIT AND LOSS ACCOUNT

for the year ended 31 August 1996

	Notes	1996	1995
TURNOVER	1	3,297,134	1,820,786
Cost of sales		2,421,483	1,694,091
Gross profit		<u>875,651</u>	<u>126,695</u>
Other operating expenses (net)	2	630,850	50,891
OPERATING PROFIT		<u>244,801</u>	<u>75,804</u>
Interest payable and similar charges	3	(2)	(21)
Other interest receivable and similar income	4	372	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	<u>245,171</u>	<u>75,783</u>
Taxation	7	77,079	18,945
PROFIT FOR THE YEAR AFTER TAXATION	14	<u><u>£ 168,092</u></u>	<u><u>£ 56,838</u></u>

The operating profit for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

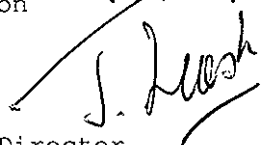
## OPT-TEL SYSTEMS MANAGEMENT LIMITED

## BALANCE SHEET

31 August 1996

	Notes	1996	1995
FIXED ASSETS			
Tangible assets	8	31,586	-
Investments	9	2	2
		<u>31,588</u>	<u>2</u>
CURRENT ASSETS			
Stocks	10	176,038	-
Debtors	11	530,757	128,551
Cash at bank and in hand		146,774	-
		<u>853,569</u>	<u>128,551</u>
CREDITORS			
Amounts falling due within one year	12	660,225	71,713
NET CURRENT ASSETS		<u>193,344</u>	<u>56,838</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£224,932</u>	<u>£56,840</u>
CAPITAL AND RESERVES			
Called up share capital	13	2	2
Profit and loss account	14	224,930	56,838
SHAREHOLDERS' FUNDS	15	<u>£224,932</u>	<u>£56,840</u>

Approved by the board on

24-4-97  
  
 Director

OPT-TEL SYSTEMS MANAGEMENT LIMITED

Financial statements for the year ended 31 August 1996

ACCOUNTING POLICIES

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BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

DEFERRED TAXATION

Provision is made for taxation deferred or accelerated by the effect of timing differences, to the extent that it is probable that a liability will crystallise, at the rate expected to be ruling at that date.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of products, sales and services provided to customers.

PENSION CONTRIBUTIONS

The company has charged pension contributions made to personal pension schemes directly to the profit and loss account as incurred.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost less depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Plant and equipment	33 $\frac{1}{3}$ % straight line.
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STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.



## OPT-TEL SYSTEMS MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 August 1996

1.	TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1996	1995
	The company's turnover and profit before taxation were all derived from its principal activity. Sales were made in the following geographical markets:		
	United Kingdom	2,775,186	1,820,786
	Europe	521,948	-
		<u>£3,297,134</u>	<u>£1,820,786</u>
2.	OTHER OPERATING EXPENSES (NET)		
	Administration expenses	<u>£630,850</u>	<u>£50,891</u>
3.	INTEREST PAYABLE AND SIMILAR CHARGES		
	On bank loans and overdrafts and other loans wholly repayable within 5 years	<u>£2</u>	<u>£21</u>
4.	OTHER INTEREST RECEIVABLE AND SIMILAR INCOME		
	Interest receivable	<u>£372</u>	<u>-</u>
5.	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
	Profit on ordinary activities before taxation is stated after charging:		
	Auditors' remuneration	4,000	600
	Depreciation and amounts written off tangible fixed assets:		
	Charge for the year:		
	Owned assets	<u>211</u>	<u>-</u>

## OPT-TEL SYSTEMS MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 August 1996

## 6. EMPLOYEES

The average weekly number of persons (including directors) employed by the company during the year was:	No.	No.
Office and management	11	12
Engineering	18	10
Installation and maintenance	57	33
Production and procurement	1	1
	<u>87</u>	<u>56</u>

Staff costs for the above persons:		
Wages and salaries	1,923,845	1,438,644
Social security costs	193,771	134,899
Other pension costs	19,190	29,652
	<u>£2,136,806</u>	<u>£1,603,195</u>

## DIRECTORS' REMUNERATION

Emoluments (including pension contributions and benefits in kind)	<u>£256,286</u>	<u>£123,385</u>
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The directors' fees and other emoluments  
disclosed above (excluding pension  
contributions) includes amounts paid to:

The chairman	<u>£1,500</u>	<u>£Nil</u>
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The highest paid director	<u>£95,995</u>	<u>£59,583</u>
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The number of other directors who  
received emoluments (excluding pension  
contributions) in the following ranges was:

	No.	No.
£0 - £5,000	-	2
£15,001 - £20,000	-	1
£35,001 - £40,000	-	1
£75,001 - £80,000	2	-
	<u>2</u>	<u>4</u>
	<u>=</u>	<u>=</u>

## OPT-TEL SYSTEMS MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 August 1996

## 7. TAXATION

Based on the profit of the year		
UK Corporation payable tax at 32.6% (1995:25%)	77,000	18,945
Under provision in previous year	79	-
	<u>£77,079</u>	<u>£18,945</u>

## 8. TANGIBLE FIXED ASSETS

	<i>Plant and equipment</i>
Cost	
Additions	31,797
31 August 1996	<u>£31,797</u>
Depreciation	
Charge in the year	211
31 August 1996	<u>£211</u>
Net book value:	
31 August 1996	<u>£31,586</u>

## 9. FIXED ASSET INVESTMENTS

Subsidiary Undertaking	<u>£2</u>	<u>£2</u>
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Name of company	Nature of business	Class of shares held	Proportion of class held	Capital and reserves at Year end	Profit for the Year
Opt-Tel Technology Limited	Tele - Communications	Ordinary	100%	£27,685	£23,675

The company is registered in England and Wales.

## 10. STOCK

Work in progress	54,031	-
Finished goods and goods for resale	122,007	-
	<u>£176,038</u>	<u>£ -</u>

## 11. DEBTORS

Due within one year:		
Trade debtors	270,510	-
Amounts due from group undertakings	167,163	127,304
Other debtors	18,550	1,247
Prepayments and accrued income	74,534	-
	<u>£530,757</u>	<u>£128,551</u>

## OPT-TEL SYSTEMS MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 August 1996

## 12. CREDITORS

Amounts falling due within one year:

Bank overdraft	-	14
Trade creditors	374,067	-
Corporation tax	77,000	18,945
Other taxation and social security	73,834	-
Other creditors	650	52,754
Accruals and deferred income	134,674	-
	<u>£660,225</u>	<u>£71,713</u>

## 13. SHARE CAPITAL

Authorised:

1,000 ordinary shares of £1 each	<u>£1,000</u>	<u>£1,000</u>
Allotted, issued and fully paid:		
2 ordinary shares of £1 each	<u>£2</u>	<u>£2</u>

## 14. PROFIT AND LOSS ACCOUNT

1 September 1995	56,838	-
Profit for the year	168,092	56,838
31 August 1996	<u>£224,930</u>	<u>£ 56,838</u>

## 15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Profit for the financial year	168,092	56,838
Issue of shares	-	2
Net increase in shareholders' funds	<u>168,092</u>	<u>56,840</u>
Opening shareholders' funds	56,840	-
Closing shareholders' funds	<u>£224,932</u>	<u>£56,840</u>

## 16. ULTIMATE PARENT COMPANY AND RELATED INFORMATION

The directors consider Opt-Tel Limited, a company registered in England and Wales to be the ultimate parent company.

Transactions on normal trading terms were made with related parties:-

- Opt-Tel Technology Limited, its subsidiary company, £268,979 of sales and £93,937 of purchases. The balance at 31.8.96, included in debtors is £47,989.
- Opt-Tel Limited, its holding company, £1,766,509 of sales and £1,847,267 of purchases. The balance at 31.8.96, included in debtors is £119,174.
- HTEC Limited, a company in which D E Kimber is a director and has a minority interest, £58,700 of purchases.

## OPT-TEL SYSTEMS MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 August 1996

## 17. COMMITMENTS UNDER OPERATING LEASES

At 31 August 1996 the company  
had annual commitments under  
non-cancellable operating  
leases as follows:

Other assets:

Expiring in less than 1 year	155,217	-
Expiring between 2 and 5 years	20,712	-
Land and buildings:		
Expiring in less than 1 year	14,000	-
Expiring between 2 and 5 years	57,600	-
	<u>£247,529</u>	<u>£ -</u>