

2961420

PEACELINE COMMUNICATIONS LTD
REPORT OF THE DIRECTORS

The Directors submit their Annual Report and Accounts for the year ended 31 August 1998.

The principle activity of the company is that of the Supply of Telecommunication equipment.

The Trading Profit for the year amounted to £4764. The Directors consider this to be satisfactory. A dividend distribution of £3000 was made in the period.

The members of your Board of Directors and their interest in the shares of the Company are as follows:-

J. Zelkowicz : 12,802 Ordinary Shares



By Order of the Board

Secretary



PEACELINE COMMUNICATIONS LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST AUGUST 1998

187,703	TURNOVER		117,200
-	Other Operating Income		-
.....		
187,703			117,200
134,544	External Charges		88,438
.....		
53,159			28,762
8,805	Staff Costs	8,547	
657	Depreciation	569	
18,185	Other Operating Charges	14,882	
.....		
27,647			23,998
25,512	Operating Profit (Loss)	
-	Interest Receivable		4,764
.....			44
25,512	Profit (Loss) on Ordinary Activities Before Tax	
			4,808
16,000	Dividend Paid		3,000
4,000	Advance Corporation Tax		750
1,803	Corporation Tax		260
.....		
3,709			798
195	Balance B/Fwd		3,904
.....		
3,904	Balance C/Fwd		4,702
.....		

PEACELINE COMMUNICATIONS

The attached accounts have been prepared from the books and records of the Company and we certify them to be in accordance therewith.

Blake Allnatt & Co
Blake Allnatt & Company

PEACELINE COMMUNICATIONS LIMITED
BALANCE SHEET AS AT 31ST AUGUST 1998

1,962	FIXED ASSETS (Note 5)	1,705
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CURRENT ASSETS

11,313	Trade Debtors	11,964
31,099	Cash in Hand & Bank	14,248
35,920	Stock	32,862
.....	
78,332		59,074

CURRENT LIABILITIES

Amounts Falling Due Within One Year

9,700	Sundry Creditors	
	& Accruals	6,550
5,803	Current Taxation	1,010
.....	
15,503		7,550

62,829	Net Current (Liabilities) Assets	51,524
.....	
64,791		53,229

CAPITAL & RESERVES

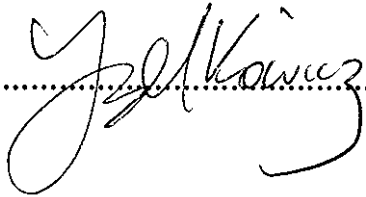
48,085	Directors Accounts	35,725
12,802	Call Up Share Capital	12,802
3,904	Profit & Loss Account	4,702
.....	
64,791		53,229
.....	

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PEACELINE COMMUNICATIONS LIMITED
BALANCE SHEET AS AT 31ST AUGUST 1998 (CONT/D)

The Directors have

- 1) taken advantage of the Companies Act 1985 249A (1) is not having these accounts audited.
- 2) have confirmed that no notice has been deposited under Section 249B (2) of the Companies Act 1985.
- 3) acknowledge their responsibilities for ensuring that the Company keeps accounts records which comply with Section 221 of the Companies Act 1985.
- 4) acknowledged their responsibilities for preparing accounts which give a true and fair view of the Company and of its results for the year then ended in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Act relating to accounts so far as applicable to the Company.

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PEACELINE COMMUNICATIONS LIMITED
NOTES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST AUGUST 1998

- 1: The accounts have been prepared under the historical cost convention.
- 2: Depreciation has been provided on fixed assets to write off cost over their estimated useful life as follows:-

Office Equipment	:	25%
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- 3: Directors Emoluments in Bands of £5,000

Up to £5,000	:	-
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£5,001 to £10,000	:	1
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£10,001 to £15,000	:	-
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£15,001 TO £20,000	:	-
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PEACELINE COMMUNICATIONS LIMITED
NOTES FORMING PART OF THE ACCOUNTS

CONT/D

4: FIXED TANGIBLE ASSETS

	<u>Office Equipment</u>
Value at 01.09.97	3,499
Additions During Year	312
Disposals During Year	-

	3,811

Depreciation at 01.09.97	1,537
Depreciation for Year	569
Depreciation on Disposals	-

	2,106

NET BOOK VALUE	
31ST AUGUST 1998	1,705