

CSL (COMMUNICATIONS) LIMITED

FINANCIAL STATEMENTS

31ST OCTOBER 2000

Company Registration Number 3155883

MACINTYRE HUDSON

Chartered Accountants & Registered Auditors

31 Castle Street
High Wycombe
Buckinghamshire
HP13 6RU



CSL (COMMUNICATIONS) LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

C Brookes
S Banks
M J Hawker
R Finch
T Colgan

Company secretary

Heald Nickinson

Registered office

Ashton House
495 Silbury Boulevard
Central Milton Keynes
Buckinghamshire
MK9 2AH

Auditors

MacIntyre Hudson
Chartered Accountants
& Registered Auditors
31 Castle Street
High Wycombe
Buckinghamshire
HP13 6RU

CSL (COMMUNICATIONS) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31ST OCTOBER 2000

The directors present their report and the financial statements of the company for the year ended 31st October 2000.

PRINCIPAL ACTIVITIES

The principal activity of the company during the period was to develop and market electronic security products.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:


Class of share		At	At
		31 October 2000	1 November 1999
C Brookes	Ordinary	160,000	160,000
"	Ordinary "B"	24,576	24,576
S Banks	Ordinary	30,000	30,000
"	Ordinary "B"	1,846	1,846
M J Hawker	Ordinary "B"	15,385	15,385
R Finch		-	-
T Colgan		-	-

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
Ashton House
495 Silbury Boulevard
Central Milton Keynes
Buckinghamshire
MK9 2AH

Signed on behalf of the directors


C Brookes
Director

Approved by the directors on 8th June 2001

CSL (COMMUNICATIONS) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 31ST OCTOBER 2000

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 at the end of the year and of the profit or loss for the year then ended.

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

select suitable accounting policies, as described on page 7, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; 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. The directors 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.

CSL (COMMUNICATIONS) LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31ST OCTOBER 2000

We have audited the financial statements on pages 5 to 11 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 3, the company's directors are 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 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 October 2000 and of the loss of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

31 Castle Street
High Wycombe
Buckinghamshire
HP13 6RU

8th June 2001


MACINTYRE HUDSON
Chartered Accountants
& Registered Auditors

CSL (COMMUNICATIONS) LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31ST OCTOBER 2000

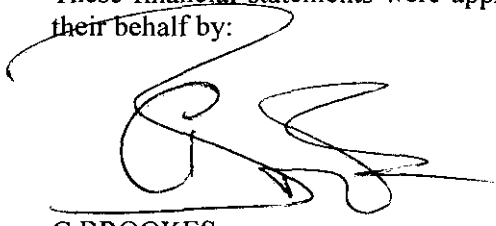
	Note	2000 £	1999 £
TURNOVER		1,723,975	893,501
Cost of sales		(1,047,740)	(516,506)
GROSS PROFIT		<u>676,235</u>	<u>376,995</u>
Distribution costs		(76,074)	(22,736)
Administrative expenses		(1,017,574)	(1,109,623)
OPERATING LOSS	1	<u>(417,413)</u>	<u>(755,364)</u>
Interest receivable		-	2,532
Interest payable		(12,237)	(1,767)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(429,650)</u>	<u>(754,599)</u>
LOSS FOR THE FINANCIAL YEAR		<u>(429,650)</u>	<u>(754,599)</u>

CSL (COMMUNICATIONS) LIMITED**BALANCE SHEET****31ST OCTOBER 2000**

	Note	2000		1999	
		£	£	£	£
FIXED ASSETS					
Intangible assets	3		320,640		-
Tangible assets	4		185,418		136,337
			<u>506,058</u>		<u>136,337</u>
CURRENT ASSETS					
Stocks		328,900		146,707	
Debtors	5	475,645		439,649	
Cash at bank and in hand		-		31	
		<u>804,545</u>		<u>586,387</u>	
CREDITORS: Amounts falling due within one year	6	<u>(981,463)</u>		<u>(422,368)</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(176,918)</u>		<u>164,019</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>329,140</u>		<u>300,356</u>
CREDITORS: Amounts falling due after more than one year	7		<u>(507,446)</u>		-
			<u>(178,306)</u>		<u>300,356</u>
CAPITAL AND RESERVES					
Called-up share capital	10		539,109		539,109
Share premium account	11		1,074,236		1,123,248
Profit and loss account	12		(1,791,651)		(1,362,001)
(DEFICIENCY)/SHAREHOLDERS' FUNDS (including non-equity interests)			<u>(178,306)</u>		<u>300,356</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

These financial statements were approved by the directors on the 8th June 2001, and are signed on their behalf by:



C BROOKES
Director

CSL (COMMUNICATIONS) LIMITED

ACCOUNTING POLICIES

YEAR ENDED 31ST OCTOBER 2000

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Turnover

Turnover consists of amounts invoiced, net of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

over a period of between three and five years on a straight line basis.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recovery can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project

Going concern

The accounts have been prepared on the basis that the company will continue in operational existence for the foreseeable future.

CSL (COMMUNICATIONS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST OCTOBER 2000

1. OPERATING LOSS

Operating loss is stated after charging:

	2000	1999
	£	£
Staff pension contributions	25,347	22,770
Depreciation	44,389	67,258
Auditors' fees	-	4,000
	<u> </u>	<u> </u>

2. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2000	1999
	£	£
Aggregate emoluments	193,417	136,341
	<u> </u>	<u> </u>

3. INTANGIBLE FIXED ASSETS

	Development expenditure £
COST	
Additions	320,640
At 31st October 2000	<u>320,640</u>
AMORTISATION	-
	<u> </u>
NET BOOK VALUE	
At 31st October 2000	<u>320,640</u>

Intangible additions are £320,640 of capitalised development costs, of which nil has been amortised during the year.

CSL (COMMUNICATIONS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST OCTOBER 2000

4. TANGIBLE FIXED ASSETS

	Land and buildings £	Other plant and machinery etc £	Total £
COST			
At 1st November 1999	-	226,770	226,770
Additions	12,290	81,180	93,470
At 31st October 2000	<u>12,290</u>	<u>307,950</u>	<u>320,240</u>
DEPRECIATION			
At 1st November 1999	-	90,433	90,433
Charge for the year	-	44,389	44,389
At 31st October 2000	<u>-</u>	<u>134,822</u>	<u>134,822</u>
NET BOOK VALUE			
At 31st October 2000	<u>12,290</u>	<u>173,128</u>	<u>185,418</u>
At 31st October 1999	<u>-</u>	<u>136,337</u>	<u>136,337</u>

5. DEBTORS

	2000 £	1999 £
Trade debtors	407,633	402,626
Other debtors	68,012	37,023
	<u>475,645</u>	<u>439,649</u>

6. CREDITORS: Amounts falling due within one year

	2000 £	1999 £
Bank loans and overdrafts	90,879	43,169
Trade creditors	380,590	225,117
Other taxation and social security	19,033	13,690
Other creditors	490,961	140,392
	<u>981,463</u>	<u>422,368</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2000 £	1999 £
Bank loans and overdrafts	<u>90,879</u>	<u>43,169</u>

CSL (COMMUNICATIONS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST OCTOBER 2000

7. CREDITORS: Amounts falling due after more than one year

	2000	1999
	£	£
Other creditors	<u>507,446</u>	<u>-</u>

8. COMMITMENTS UNDER OPERATING LEASES

At 31st October 2000 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2000	1999
	£	£
Operating leases which expire:		
After more than 5 years	<u>50,400</u>	<u>50,400</u>

9. RELATED PARTY TRANSACTIONS

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

10. SHARE CAPITAL

Authorised share capital:

	2000	1999
	£	£
238,071 Ordinary shares of £1 each	238,071	238,071
158,714 Ordinary "A" shares of £1 each	158,714	158,714
248,215 Ordinary "B" shares of £1 each	248,215	248,215
1,955,000 Ordinary "C" shares of £0.25 each	488,750	-
500,000 Preference shares of £0.01 each	5,000	5,000
	<u>1,138,750</u>	<u>650,000</u>

Allotted and called up:

	2000		1999	
	No.	£	No.	£
Ordinary shares fully paid	200,000	200,000	200,000	200,000
Ordinary "A" shares fully paid	158,714	158,714	158,714	158,714
Ordinary "B" shares fully paid	175,395	175,395	175,395	175,395
Preference shares fully paid	500,000	5,000	500,000	5,000
	<u>1,034,109</u>	<u>539,109</u>	<u>1,034,109</u>	<u>539,109</u>

CSL (COMMUNICATIONS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST OCTOBER 2000

11. SHARE PREMIUM ACCOUNT

	2000	1999
	£	£
Balance brought forward	1,123,248	750,794
Premium on shares issued in the year	-	394,639
Share issue costs	(49,012)	(22,185)
	<u>1,074,236</u>	<u>1,123,248</u>

12. PROFIT AND LOSS ACCOUNT

	2000	1999
	£	£
Balance brought forward	(1,362,001)	(607,402)
Retained loss for the financial year	(429,650)	(754,599)
Balance carried forward	<u>(1,791,651)</u>	<u>(1,362,001)</u>

13. POST BALANCE SHEET EVENTS

After the balance sheet date the company sold its Intellectual Property Rights for Portalarm and other related products for £900,000.