

**Signal Telecom Limited**  
**Director's report and financial statements**  
**for the year ended 31 December 2004**



**Signal Telecom Limited**

**Company information**

Director	M R Johnson
Secretary	Myers and Co Company Secretaries Limited
Company number	04098617
Registered office	41 Uttoxeter Road Longton Stoke on Trent Staffordshire ST3 1NY
Auditors	Jacksons 15-19 Marsh Parade Newcastle under Lyme Staffordshire ST5 1BT
Business address	39 Uttoxeter Road Longton Stoke on Trent Staffordshire ST3 1NY
Bankers	HSBC Plc 120 High Street Smethwick Warley B66 3AN  First Curacao International Bank 18 Kaya W.F.G. (Jombi) Mensing Willemstad Netherland Antilles

# Signal Telecom Limited

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**Signal Telecom Limited**

**Director's report  
for the year ended 31 December 2004**

The director presents his report and the financial statements for the year ended 31 December 2004.

**Principal activity**

The principal activity of the company was that of a mobile phone wholesaler and retailer.

**Director and her interests**

The director who served during the year and her interest in the company are as stated below:

	<b>Class of share</b>	<b>31/12/04</b>	<b>01/01/04 or date of appointment</b>
A E S Sanders	Resigned 31 December 2005 Ordinary shares	-	-

M R Johnson was appointed as a director on 13 October 2005.

**Director's 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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the director is required to:

- select suitable accounting policies and 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 to enable him 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.

**Auditors**

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Jacksons be reappointed as auditors of the company will be put to the Annual General Meeting.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 24/05/2006..... and signed on its behalf by

  
.....  
**M R Johnson**  
**Director**

## **Signal Telecom Limited**

### **Independent auditors' report to the shareholders of Signal Telecom Limited**

We have audited the financial statements of Signal Telecom Limited for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of director and auditors**

As described in the statement of director's responsibilities the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the director's report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and transactions with the company is not disclosed.

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 director 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. However, the evidence available to us was limited because of the following reasons:

**Signal Telecom Limited**

**Independent auditors' report to the shareholders of Signal Telecom Limited continued**

- We have not received sufficient supporting evidence in order to satisfy ourselves as to the completeness and accuracy of turnover; and
- There was significant expenditure in respect of cost of sales and administrative expenses, the supporting evidence of which was insufficient to establish its nature and/or whether such expenditure was for the purpose of the company's trade or that of its fellow group companies and, as such, its deductibility for corporation tax; and
- The financial statements for the year ended 31 December 2003 were qualified in respect of certain items within the profit and loss account and balance sheet. We have not received sufficient supporting evidence in respect of the resultant opening balances for the year ended 31 December 2004 to establish their completeness and accuracy; and
- We have not received sufficient supporting evidence in order to satisfy ourselves as to the completeness and accuracy of the constituent elements of the balance sheet; and
- In respect of the related party transactions as disclosed in note 12 to the financial statements, we have been unable to satisfy ourselves as to the completeness and accuracy of the transactions therein; and
- In respect of the going concern basis of preparation of the financial statements as disclosed in note 15 to the financial statements, we have been unable to satisfy ourselves as to the validity thereof.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion : disclaimer on view given by financial statements**

Because of the possible effect of the limitation in the evidence available to us, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 or of its loss for the year then ended and we are unable to form an opinion as to whether the financial statements have been properly prepared in accordance with the Companies Act 1985.

In respect of the limitation on our work:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether proper accounting records had been maintained; and
- we were unable to determine whether information required by law regarding directors' remuneration and transactions with the company have been fully disclosed.

*Sack*

**Chartered Accountants and  
Registered auditors**

*25.5.06*

**15-19 Marsh Parade  
Newcastle under Lyme  
Staffordshire  
ST5 1BT**

**Signal Telecom Limited**

**Profit and loss account  
for the year ended 31 December 2004**

		<b>2004</b>	<b>2003</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>2</b>	4,160,024	22,874,296
Cost of sales		(4,096,842)	(22,760,386)
<b>Gross profit</b>		<u>63,182</u>	<u>113,910</u>
Administrative expenses		(526,887)	(2,342,705)
<b>Operating loss</b>	<b>3</b>	(463,705)	(2,228,795)
Other interest receivable and similar income		<u>1,640</u>	<u>16,899</u>
<b>Loss on ordinary activities before taxation</b>		(462,065)	(2,211,896)
Tax on loss on ordinary activities	<b>6</b>	<u>-</u>	<u>85,902</u>
<b>Loss on ordinary activities after taxation</b>		(462,065)	(2,125,994)
Accumulated (loss)/profit brought forward		(2,088,391)	<u>37,603</u>
<b>Accumulated loss carried forward</b>		<u>(2,550,456)</u>	<u>(2,088,391)</u>

The notes on pages 6 to 11 form an integral part of these financial statements.

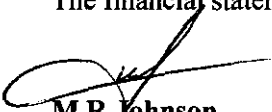
**Signal Telecom Limited**

**Balance sheet  
as at 31 December 2004**

	Notes	2004		2003	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7		76,540		196,753
<b>Current assets</b>					
Stocks		59,056		134,883	
Debtors	8	1,309,648		116,264	
Cash at bank and in hand		78,719		31,348	
		<u>1,447,423</u>		<u>282,495</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(4,074,319)</u>		<u>(2,567,539)</u>	
<b>Net current liabilities</b>			<u>(2,626,896)</u>		<u>(2,285,044)</u>
<b>Deficiency of assets</b>			<u>(2,550,356)</u>		<u>(2,088,291)</u>
<b>Capital and reserves</b>					
Called up share capital	10		100		100
Profit and loss account			<u>(2,550,456)</u>		<u>(2,088,391)</u>
<b>Shareholders' funds</b>			<u>(2,550,356)</u>		<u>(2,088,291)</u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 24/05/2006 and signed on its behalf by

  
**M R Johnson**  
 Director

**The notes on pages 6 to 11 form an integral part of these financial statements.**

Notes to the financial statements  
for the year ended 31 December 2004

**1. Accounting policies**

**1.1. Accounting convention**

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

**1.2. Turnover**

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

**1.3. Tangible fixed assets and depreciation**

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Plant and machinery	-	25% straight line
Fixtures, fittings and equipment	-	20% straight line
Motor vehicles	-	25% and 50% straight line
Computer equipment	-	33.33% straight line

**1.4. Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

**1.5. Stock**

Stock is valued at the lower of cost and net realisable value.

**1.6. Pensions**

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

**1.7. Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Signal Telecom Limited**

**Notes to the financial statements  
for the year ended 31 December 2004**

..... continued

**1.8. Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

**1.9. Going concern**

The financial statements have been prepared on the going concern basis as disclosed in note 15 to the financial statements.

**2. Turnover**

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

**3. Operating loss**

	2004	2003
	£	£
Operating loss is stated after charging:		
Depreciation and other amounts written off tangible assets	60,235	98,545
Loss on disposal of tangible fixed assets	11,686	-
Auditors' remuneration	18,000	20,000
	<u>          </u>	<u>          </u>
and after crediting:		
Profit on foreign currencies	<u>          88</u>	<u>          241</u>

**4. Director's emoluments**

	2004	2003
	£	£
Remuneration and other benefits	92,128	37,009
	<u>          </u>	<u>          </u>

	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	1	1

**5. Pension costs**

The company operates a defined contribution pension scheme in respect of certain of the directors and staff of the company. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £25,131 (2003 - £40,928).

**Signal Telecom Limited**

**Notes to the financial statements  
for the year ended 31 December 2004**

..... continued

**6. Tax on loss on ordinary activities**

<b>Analysis of charge in period</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax	-	(95,019)
Total current tax charge	<u>-</u>	<u>(95,019)</u>
<b>Deferred tax</b>		
Timing differences, origination and reversal	-	9,117
Total deferred tax	<u>-</u>	<u>9,117</u>
Tax on loss on ordinary activities	<u>-</u>	<u>(85,902)</u>

<b>7. Tangible fixed assets</b>	<b>Fixtures,</b>				<b>Total</b>
	<b>Plant and machinery</b>	<b>fittings and equipment</b>	<b>Motor vehicles</b>	<b>Computer equipment</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>					
At 1 January 2004	18,042	72,973	138,619	102,316	331,950
Additions	-	13,008	-	-	13,008
Disposals	-	-	(109,952)	(1,906)	(111,858)
At 31 December 2004	<u>18,042</u>	<u>85,981</u>	<u>28,667</u>	<u>100,410</u>	<u>233,100</u>
<b>Depreciation</b>					
At 1 January 2004	5,690	25,026	52,438	52,043	135,197
On disposals	-	-	(38,279)	(593)	(38,872)
Charge for the year	4,511	15,679	6,575	33,470	60,235
At 31 December 2004	<u>10,201</u>	<u>40,705</u>	<u>20,734</u>	<u>84,920</u>	<u>156,560</u>
<b>Net book values</b>					
At 31 December 2004	<u>7,841</u>	<u>45,276</u>	<u>7,933</u>	<u>15,490</u>	<u>76,540</u>
At 31 December 2003	<u>12,352</u>	<u>47,947</u>	<u>86,181</u>	<u>50,273</u>	<u>196,753</u>

**Signal Telecom Limited**

**Notes to the financial statements  
for the year ended 31 December 2004**

..... continued

<b>8. Debtors</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Trade debtors	948,907	57,760
Other debtors	349,074	11,820
Prepayments and accrued income	11,667	46,684
	<u>1,309,648</u>	<u>116,264</u>
<b>9. Creditors: amounts falling due within one year</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Bank overdraft	670	29,905
Loan	275,099	300,000
Trade creditors	1,486,843	153,547
Amounts owed to group undertaking	1,695,340	1,496,120
Other taxes and social security costs	44,733	11,297
Loan from the ultimate controlling party	444,105	476,563
Accruals and deferred income	125,846	99,148
Pension contributions	1,683	959
	<u>4,074,319</u>	<u>2,567,539</u>
<b>10. Share capital</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

**Signal Telecom Limited**

**Notes to the financial statements  
for the year ended 31 December 2004**

..... continued

**11. Transactions with director**

The following director had interest free loans during the year. The movements on these loans are as follows:

	Amount owing		Maximum in year £
	2004 £	2003 £	
A E S Sanders	-	3,577	18,123
	<u>          </u>	<u>          </u>	<u>          </u>

**12. Related party transactions**

Signal Holdings Limited is the company's ultimate parent undertaking and Signal Computer Services Limited, Capital Logistics Limited and Signal Construction Limited are its fellow subsidiary companies.

As at 31 December 2004, the company owed the sum of £1,695,340 (2003 - £1,496,120) to Signal Holdings Limited.

During the year, the company made purchases from Capital Logistics Limited in the sum of £109,834 (2003 - £48,445). As at 31 December 2004, the company was owed the sum of £447,344 (2003 - £463,030) from Capital Logistics Limited but due to doubt over the recoverability of this debt, it has been provided for as doubtful in respect of the year ended 31 December 2002 and thereafter. Capital Logistics Limited went into liquidation on 14 December 2005.

During the year, the company made purchases from Signal Computer Services Limited in the sum of £nil (2003 - £94,305). As at 31 December 2004, the company was owed the sum of £75,863 (2003 - £64,410) from Signal Computer Services Limited but due to doubt over the recoverability of this debt, this has also been provided for as doubtful in respect of the year ended 31 December 2002 and thereafter. Signal Computer Services Limited ceased to trade on 1 April 2004.

During the year, the company had rent-free use of properties owned by Signal Holdings Limited and Mrs G A Johnson, the ultimate controlling party.

During the year, Mrs G A Johnson and her husband, Mr G W Johnson, had a loan account with the company as follows:

	£
As at 1 January 2004	476,563
Amounts distributed net of amounts received	<u>(32,458)</u>
As at 31 December 2004	<u>444,105</u>

**Signal Telecom Limited**

**Notes to the financial statements  
for the year ended 31 December 2004**

..... continued

**13. Ultimate parent undertaking**

The ultimate parent undertaking is Signal Holdings Limited.

**14. Ultimate controlling party**

Mrs G A Johnson is the ultimate controlling party by virtue of her 100% holding of shares in Signal Holdings Limited, the ultimate parent undertaking.

**15. Going concern**

The company's continuance as a going concern is dependent upon the continued financial support of both its ultimate parent undertaking, Signal Holdings Limited, by way of its interest free and unsecured inter company loan and its ultimate controlling party, Mrs G A Johnson, by way of her and her husband, Mr G W Johnson's, interest free and unsecured loan.

Both Signal Holdings Limited and Mrs G A Johnson and Mr G W Johnson have indicated that it is their present intention to provide financial support to the company by way of the non-recalling of their loans so as to enable the company to meet its liabilities as they fall due and to continue in operational existence for the foreseeable future and, therefore, the financial statements have been prepared on the going concern basis.

**Signal Telecom Limited**

**The following pages do not form part of the statutory accounts.**

**Signal Telecom Limited**

**Detailed trading and profit and loss account  
for the year ended 31 December 2004**

	2004		2003	
	£	£	£	£
Sales		4,160,024		22,866,075
Rent receivable		-		8,221
		<u>4,160,024</u>		<u>22,874,296</u>
<b>Cost of sales</b>				
Opening stock	134,883		144,309	
Purchases	4,018,103		22,665,072	
Commissions payable	-		440	
Freight and carriage costs	2,893		56,296	
Inspection charges	-		9,057	
Warehousing charges	19		14,953	
Repairs to phones	-		1,117	
Car kit fitting	-		4,025	
		<u>4,155,898</u>		<u>22,895,269</u>
Closing stock	(59,056)		(134,883)	
		<u>(4,096,842)</u>		<u>(22,760,386)</u>
<b>Gross profit</b>	2%	63,182	0%	113,910
<b>Administrative expenses</b>		<u>526,887</u>		<u>2,342,705</u>
		<u>(526,887)</u>		<u>(2,342,705)</u>
<b>Operating loss</b>	11%	(463,705)	10%	(2,228,795)
<b>Other income and expenses</b>				
<b>Interest receivable</b>				
Bank deposit interest	1,566		9,954	
Other interest	74		6,945	
		<u>1,640</u>		<u>16,899</u>
<b>Net loss for the year</b>		<u><u>(462,065)</u></u>		<u><u>(2,211,896)</u></u>

# Signal Telecom Limited

## Administrative expenses for the year ended 31 December 2004

	2004	2003
	£	£
<b>Administrative expenses</b>		
Wages and salaries	119,362	870,646
Directors' remuneration	67,797	-
Directors' money purchase pension costs	24,331	37,009
Staff money purchase pension costs	800	3,919
Staff training	-	6,184
Rent	9,768	11,868
Rates	26,920	16,255
Insurance	20,573	1,590
Light and heat	7,674	9,519
Cleaning	4,732	7,591
Repairs and maintenance	12,067	24,539
Printing, postage and stationery	1,740	15,804
Advertising	2,009	162,055
Recruitment expenses	-	7,914
Telephone	40,441	74,075
Computer costs	14,077	10,378
Hire of equipment	1,739	1,739
Motor expenses	10,783	28,658
Travelling expenses	1,961	49,364
Entertaining	241	3,770
Legal and professional	29,202	7,107
Consultancy fees	30,472	58,316
Accountancy	7,670	4,116
Audit	18,000	20,000
Bank charges	4,278	8,356
Credit control charges	185	3,549
Bad debts	(4,233)	790,174
Profit/loss on exchange	(88)	(241)
General expenses	2,465	7,191
Charitable donations	-	2,715
Depreciation on plant and machinery	4,511	4,122
Depreciation on FF & Equipment	15,679	14,547
Depreciation on motor vehicles	6,575	45,970
Profits/losses on disposal of tangible assets	11,686	-
Depreciation of computer equipment	33,470	33,906
	<u>526,887</u>	<u>2,342,705</u>