

Registration number 04098617

**Signal Telecom Limited**  
**Director's report and financial statements**  
**for the year ended 31 December 2003**



## 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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**Director's report  
for the year ended 31 December 2003**

The director presents his report and the financial statements for the year ended 31 December 2003.

**Principal activity**

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

**Director and her interest**

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

		<b>Class of share</b>	<b>31/12/03</b>	<b>01/01/03 or date of appointment</b>
A E S Sanders	Resigned 31 December 2005	Ordinary shares	-	-

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

**Charitable and political contributions**

During the year the company contributed £2,715 to charities.

**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 2003 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 period ended 31 December 2002 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 2003 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 14 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 17 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 of 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 2003 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.

*Jack*

**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 2003**

		<b>Year ended 31/12/03</b>	<b>Period ended 31/12/02</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>2</b>	22,874,296	95,340,020
<b>Cost of sales</b>		<u>(22,760,386)</u>	<u>(93,700,949)</u>
<b>Gross profit</b>		113,910	1,639,071
<b>Administrative expenses</b>		<u>(2,342,705)</u>	<u>(1,525,864)</u>
<b>Operating (loss)/profit</b>	<b>3</b>	<u>(2,228,795)</u>	113,207
Other interest receivable and similar income		16,899	9,629
Interest payable and similar charges		<u>-</u>	<u>(3,431)</u>
<b>(Loss)/profit on ordinary activities before taxation</b>		<u>(2,211,896)</u>	119,405
Tax on (loss)/profit on ordinary activities 6		<u>85,902</u>	<u>(85,902)</u>
<b>(Loss)/profit on ordinary activities after taxation</b>		<u>(2,125,994)</u>	33,503
Retained profit brought forward		<u>37,603</u>	<u>4,100</u>
<b>Accumulated (loss)/profit carried forward</b>		<u><u>(2,088,391)</u></u>	<u><u>37,603</u></u>

**The notes on pages 6 to 12 form an integral part of these financial statements.**

**Signal Telecom Limited**

**Balance sheet  
as at 31 December 2003**

	Notes	31/12/03		31/12/02	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7		196,753		304,152
<b>Current assets</b>					
Stocks		134,883		144,309	
Debtors	8	116,264		641,022	
Cash at bank and in hand		31,348		2,034,805	
		<u>282,495</u>		<u>2,820,136</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(2,567,539)</u>		<u>(3,086,585)</u>	
<b>Net current liabilities</b>			<u>(2,285,044)</u>		<u>(266,449)</u>
<b>Net (liabilities)/assets</b>			<u>(2,088,291)</u>		<u>37,703</u>
<b>Capital and reserves</b>					
Called up share capital	11		100		100
Profit and loss account			<u>(2,088,391)</u>		<u>37,603</u>
<b>Shareholders' funds</b>			<u>(2,088,291)</u>		<u>37,703</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 12 form an integral part of these financial statements.**

# Signal Telecom Limited

## Notes to the financial statements for the year ended 31 December 2003

### 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.

#### 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.

**Signal Telecom Limited**

**Notes to the financial statements  
for the year ended 31 December 2003**

..... continued

**1.9. Going concern**

The financial statements have been prepared on the going concern basis as disclosed in note 17 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)/profit**

	<b>Year ended 31/12/03</b>	<b>Period ended 31/12/02</b>
	<b>£</b>	<b>£</b>
Operating (loss)/profit is stated after charging:		
Depreciation and other amounts written off tangible assets	98,545	52,429
Auditors' remuneration	20,000	15,000
	<u>          </u>	<u>          </u>
and after crediting:		
Profit on disposal of tangible fixed assets	-	11,791
Profit on foreign currencies	241	33,211
	<u>          </u>	<u>          </u>

**4. Director's emoluments**

	<b>Year ended 31/12/03</b>	<b>Period ended 31/12/02</b>
	<b>£</b>	<b>£</b>
Remuneration and other benefits	37,009	78,235
	<u>          </u>	<u>          </u>
	<b>Number</b>	<b>Number</b>
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 £40,928 (2002 - £39,682).

**Signal Telecom Limited**

**Notes to the financial statements  
for the year ended 31 December 2003**

..... continued

**6. Tax on (loss)/profit on ordinary activities**

<b>Analysis of charge in period</b>	<b>Year ended 31/12/03 £</b>	<b>Period ended 31/12/02 £</b>
<b>Current tax</b>		
UK corporation tax	(95,019)	95,019
Total current tax charge	<u>(95,019)</u>	<u>95,019</u>
<b>Deferred tax</b>		
Timing differences, origination and reversal	9,117	(9,117)
Total deferred tax	<u>9,117</u>	<u>(9,117)</u>
Tax on (loss)/profit on ordinary activities	<u>(85,902)</u>	<u>85,902</u>

<b>7. Tangible fixed assets</b>	<b>Plant and machinery £</b>	<b>Fixtures, fittings and equipment £</b>	<b>Motor vehicles £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost</b>					
At 1 January 2003	8,714	72,023	179,140	95,966	355,843
Additions	9,328	950	-	6,350	16,628
Disposals	-	-	(40,521)	-	(40,521)
At 31 December 2003	<u>18,042</u>	<u>72,973</u>	<u>138,619</u>	<u>102,316</u>	<u>331,950</u>
<b>Depreciation</b>					
At 1 January 2003	1,568	10,479	21,507	18,137	51,691
On disposals	-	-	(15,039)	-	(15,039)
Charge for the year	4,122	14,547	45,970	33,906	98,545
At 31 December 2003	<u>5,690</u>	<u>25,026</u>	<u>52,438</u>	<u>52,043</u>	<u>135,197</u>
<b>Net book values</b>					
At 31 December 2003	<u>12,352</u>	<u>47,947</u>	<u>86,181</u>	<u>50,273</u>	<u>196,753</u>
At 31 December 2002	<u>7,146</u>	<u>61,544</u>	<u>157,633</u>	<u>77,829</u>	<u>304,152</u>

Signal Telecom Limited

Notes to the financial statements  
for the year ended 31 December 2003

..... continued

8. Debtors	31/12/03	31/12/02
	£	£
Trade debtors	57,760	284,028
Other debtors	11,820	344,462
Prepayments and accrued income	46,684	3,415
Deferred tax (Note 10)	-	9,117
	<u>116,264</u>	<u>641,022</u>
Amounts falling due after more than one year and included in debtors are:		
Deferred tax (Note 10)	-	<u>9,117</u>
9. Creditors: amounts falling due within one year	31/12/03	31/12/02
	£	£
Bank overdraft	29,905	-
Loan	300,000	-
Trade creditors	153,547	83,416
Amounts owed to group undertaking	1,496,120	1,952,304
Corporation tax	-	95,019
Other taxes and social security costs	11,297	23,587
Loan from the ultimate controlling party	476,563	744,827
Accruals and deferred income	99,148	186,521
Pension contributions	959	911
	<u>2,567,539</u>	<u>3,086,585</u>
10. Deferred tax asset	31/12/03	31/12/02
	£	£
Accelerated capital allowances	-	<u>9,117</u>
Asset at 1 January 2003	9,117	
Deferred tax charge in profit and loss account	<u>(9,117)</u>	
Asset at 31 December 2003	<u>-</u>	

**Signal Telecom Limited**

**Notes to the financial statements  
for the year ended 31 December 2003**

..... continued

<b>11. Share capital</b>	<b>31/12/03</b>	<b>31/12/02</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>

**12. Financial commitments**

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as follows:

	<b>31/12/03</b>	<b>31/12/02</b>
	£	£
<b>Expiry date:</b>		
Between one and five years	<u>-</u>	<u>12,365</u>

**13. Transactions with director**

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

	<b>Amount owing</b>		<b>Maximum</b>
	<b>31/12/03</b>	<b>31/12/02</b>	<b>in year</b>
	£	£	£
A E S Sanders	<u>3,577</u>	<u>-</u>	<u>3,577</u>

# Signal Telecom Limited

## Notes to the financial statements for the year ended 31 December 2003

..... continued

### 14. 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 2003, the company owed the sum of £1,496,120 (2002 - £1,952,304) to Signal Holdings Limited.

During the year, the company made purchases from Capital Logistics Limited in the sum of £48,445 (2002 - £116,876). As at 31 December 2003, the company was owed the sum of £463,030 (2002 - £211,922) 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 £94,305 (2002 - £108,606). As at 31 December 2003, the company was owed the sum of £64,410 (2002 - £22,746) 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:

	<b>£</b>
As at 1 January 2003	744,827
Amounts distributed net of amounts received	(268,264)
As at 31 December 2003	<u>476,563</u>

### 15. Ultimate parent undertaking

The ultimate parent undertaking is Signal Holdings Limited.

### 16. 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.

**Signal Telecom Limited**

**Notes to the financial statements  
for the year ended 31 December 2003**

..... continued

**17. 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 2003**

	Year ended 31/12/03		Period ended 31/12/02	
	£	£	£	£
Sales		22,866,075		95,333,932
Rent receivable		8,221		6,088
		<u>22,874,296</u>		<u>95,340,020</u>
<b>Cost of sales</b>				
Opening stock	144,309		-	
Purchases	22,665,072		93,365,196	
Commissions payable	440		-	
Freight and carriage costs	56,296		94,096	
Inspection charges	9,057		50,604	
Warehousing charges	14,953		10,622	
Repairs to phones	1,117		2,858	
Car kit fitting	4,025		1,385	
Marketing services	-		320,497	
		<u>22,895,269</u>	<u>93,845,258</u>	
Closing stock	(134,883)		(144,309)	
		<u>(22,760,386)</u>	<u>(93,700,949)</u>	
<b>Gross profit</b>	0%	113,910	2%	1,639,071
<b>Administrative expenses</b>		2,342,705		1,525,864
		<u>(2,342,705)</u>	<u>(1,525,864)</u>	
<b>Operating (loss)/profit</b>	10%	(2,228,795)	0%	113,207
<b>Other income and expenses</b>				
<b>Interest receivable</b>				
Bank deposit interest	9,954		9,629	
Other interest	6,945		-	
		<u>16,899</u>	<u>9,629</u>	
<b>Interest payable</b>				
Bank interest	-		3,431	
		<u>-</u>	<u>(3,431)</u>	
<b>Net (loss)/profit for the year</b>		<u><u>(2,211,896)</u></u>	<u><u>119,405</u></u>	

**Signal Telecom Limited**

**Administrative expenses  
for the year ended 31 December 2003**

	<b>Year ended 31/12/03 £</b>	<b>Period ended 31/12/02 £</b>
<b>Administrative expenses</b>		
Wages and salaries	870,646	567,687
Directors' remuneration	-	33,333
Directors' money purchase pension costs	37,009	39,682
Staff money purchase pension costs	3,919	-
Staff training	6,184	18,124
Rent	11,868	11,862
Rates	16,255	18,619
Insurance	1,590	59,242
Light and heat	9,519	6,826
Cleaning	7,591	6,138
Repairs and maintenance	24,539	27,467
Printing, postage and stationery	15,804	14,577
Advertising	162,055	77,702
Recruitment expenses	7,914	23,147
Telephone	74,075	65,258
Computer costs	10,378	44,584
Hire of equipment	1,739	1,635
Motor expenses	28,658	50,299
Travelling expenses	49,364	78,677
Entertaining	3,770	5,492
Legal and professional	7,107	25,710
Consultancy fees	58,316	38,229
Accountancy	4,116	6,640
Audit	20,000	15,000
Bank charges	8,356	15,858
Credit control charges	3,549	6,820
Bad debts	790,174	242,553
Profit/loss on exchange	(241)	(33,211)
General expenses	7,191	17,276
Charitable donations	2,715	-
Depreciation on plant and machinery	4,122	1,568
Depreciation on FF & Equipment	14,547	10,479
Depreciation on motor vehicles	45,970	22,245
Profits/losses on disposal of tangible assets	-	(11,791)
Depreciation of computer equipment	33,906	18,137
	<u>2,342,705</u>	<u>1,525,864</u>