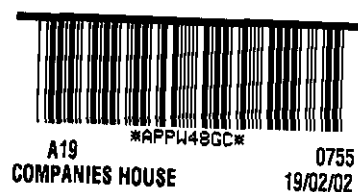


UNI WORLD COMMUNICATIONS LIMITED

AUDITED FINANCIAL STATEMENTS

31 May 2001

Company registration number: 2998021



UNI WORLD COMMUNICATIONS LIMITED

AUDITED FINANCIAL STATEMENTS

31 May 2001

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UNI WORLD COMMUNICATIONS LIMITED

DIRECTORS' REPORT

Year ended 31 May 2001

The directors present their report and the audited financial statements of the Company as at and for the year ended 31 May 2001.

1. Principal activity

The principal activity of the Company is the provision of telecommunication services.

2. Review of the business and future developments

This year has been one of significant progression for the Company, as it has transformed itself from acting as an agent for various telecommunication carriers, receiving the bulk of its income in commission payments, to becoming a reseller of fixed line and mobile telephony services.

The Company saw substantial organic growth during the year in income from its key business area, the resell of fixed line telephony services. This growth has continued and at the time of this report, the monthly fixed line telephony billing alone has reached £250,000. Current levels of monthly growth suggest that this figure will be substantially greater by the time the Company next reports.

The board is very pleased that this rapid growth, and continued profitability, has been achieved without recourse to outside funding of any sort. Particular attention is paid to controlling all trading and operating expenditure. The Company has no overdraft or loans, and continues to ensure that it operates entirely within its own resources. It is not envisaged that the Company will require any external funding to continue with its growth strategy.

The Company views the ownership of its customer base as fundamental to its future growth. In retrospect, this has proved to be a prudent move, as some telecommunications carriers have ceased trading and much of the Company's commission income has now dried up.

The continued profitability of the Company in the year has been a source of satisfaction to the Directors', during a period which has seen extensive expenditure on implementing the Company's services at customer premises and investment in internal administrative and billing systems.

The board would like to place on record its appreciation to a highly valued and dedicated staff that continues to deliver a highly personal and committed service to the Company's customers.

3. Directors and directors' interests

The directors who served during the year and the beneficial interests in the shares of the Company of those serving at the end of the year were as follows:

	At 31 May 2001	At 1 June 2000 (or on date of subsequent appointment)
	Ordinary shares of £1 each	Ordinary shares of £1 each
Mr C Potter	53	75
Mrs B Potter	74	174
Mr A G C Potter (appointed 1/4/2001)	No interest	No interest

The above report has been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies.

By order of the Board,


B Potter
Secretary

4 February 2002

UNI WORLD COMMUNICATIONS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Year ended 31 May 2001

Company law requires the directors to prepare accounts for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts 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 accounts comply with the Companies Act 1985. In addition, the directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention of fraud and other irregularities.

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
UNI WORLD COMMUNICATIONS LIMITED**

1. Audit scope

We have audited the financial statements set out on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

2. 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 opinion, based on our audit, on those statements and to report our opinion to you.

3. 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.

4. Opinion

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 31 May 2001, and of its profit for the year then ended, and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Wood, Hicks & Co.

.....
Wood, Hicks & Co.
Chartered Accountants and Registered Auditor
101a High Street
Gosport
Hampshire PO12 1DS
4 February 2002

UNI WORLD COMMUNICATIONS LIMITED

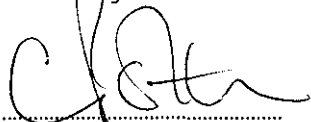
BALANCE SHEET

31 May 2001

	<u>Note</u>	<u>2001</u> £	<u>2000</u> £
FIXED ASSETS			
Intangible assets (negative)	2	—	(1,652)
Tangible assets	3	15,446	14,836
		<u>15,446</u>	<u>13,184</u>
CURRENT ASSETS			
Stock		3,461	—
Debtors	4	372,086	103,674
Cash at bank and in hand		118,233	130,430
		<u>493,780</u>	<u>234,104</u>
CREDITORS: Amounts falling due within one year	5	383,382	152,776
NET CURRENT ASSETS		<u>110,398</u>	<u>81,328</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>125,844</u>	<u>94,512</u>
PROVISIONS FOR LIABILITIES AND CHARGES	6	1,128	—
NET ASSETS		<u>£124,716</u>	<u>£ 94,512</u>
CAPITAL AND RESERVES			
Called up share capital	7	500	500
Profit and loss account		124,216	94,012
SHAREHOLDERS' FUNDS		<u>£124,716</u>	<u>£ 94,512</u>

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

These accounts were approved by the Board of directors on 4 February 2002 and were signed on its behalf by:



C Potter
Director

UNI WORLD COMMUNICATIONS LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 May 2001

	Note	<u>2001</u> £	<u>2000</u> £
TURNOVER		1,422,296	582,428
COST OF SALES		998,600	245,211
GROSS PROFIT		<u>423,696</u>	<u>337,217</u>
OPERATING EXPENSES			
Distribution costs		25,372	30,301
Administrative expenses		258,733	152,137
		<u>284,105</u>	<u>182,438</u>
OPERATING PROFIT	8	<u>139,591</u>	<u>154,779</u>
OTHER INCOME (EXPENSE)			
Interest receivable and similar income		2,913	328
Interest payable and similar charges		(3,757)	(843)
		<u>(844)</u>	<u>(515)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		138,747	154,264
TAXATION			
Tax on profit on ordinary activities	9	28,543	30,733
PROFIT FOR THE FINANCIAL YEAR		<u>110,204</u>	<u>123,531</u>
APPROPRIATION			
Dividends		80,000	54,000
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>30,204</u>	<u>69,531</u>
RETAINED PROFIT BROUGHT FORWARD		94,012	24,979
		<u>124,216</u>	<u>94,510</u>
CAPITALISATION FOR SCRIP ISSUE		—	(498)
RETAINED PROFIT CARRIED FORWARD		<u>£ 124,216</u>	<u>£ 94,012</u>

The notes set out on pages 8 to 11 form part of these financial statements.

UNI WORLD COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 May 2001

NOTE 1 – ACCOUNTING POLICIES

The following accounting policies have been applied in dealing with the items which are considered material in relation to the company's accounts.

(a) **Basis of accounting**

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

(b) **Turnover**

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

(c) **Intangible assets**

Goodwill

Amortisation is provided by the Company to write off the cost of Goodwill by equal instalments over its useful economic life.

(d) **Tangible fixed assets**

Depreciation is provided by the Company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Office equipment	- 25%	reducing balance basis
Office furniture	- 25%	reducing balance basis

(e) **Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Full provision is made for deferred tax.

NOTE 2 – INTANGIBLE FIXED ASSETS

Negative goodwill

	£
Cost	
At 31 May 2000 and 2001	(3,305)
Amortisation	
At 31 May 2000	1,653
Charge for the year	1,652
At 31 May 2001	3,305
Net book value	
At 31 May 2001	£ -
At 31 May 2000	£(1,652)

UNI WORLD COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 May 2001

NOTE 3 - TANGIBLE FIXED ASSETS

	Office equipment £	Office furniture £	Total £
Cost			
At 1 June 2000	16,878	6,596	23,474
Additions in year	3,839	1,301	5,140
At 31 May 2001	20,717	7,897	28,614
Depreciation			
At 1 June 2000	6,587	2,051	8,638
Charge for year	3,199	1,331	4,530
At 31 May 2001	9,786	3,382	13,168
Net book value			
At 31 May 2001	£10,931	£4,515	£15,446
At 31 May 2000	£10,291	£4,545	£14,836

NOTE 4 - DEBTORS

	2001 £	2000 £
Falling due within one year		
Trade debtors	170,603	28,576
Prepayments	2,021	-
Due from Parent Company (2000: associated company):		
- Andrew Charles Associates (Communication) Limited	43,565	43,245
Accrued income	155,897	31,853
	£372,086	£103,674

NOTE 5 - CREDITORS: Amounts falling due within one year

	2001 £	2000 £
Trade creditors	125,103	38,719
Taxation and social security	50,037	46,787
Directors' loan account	63,697	42,852
Accrued expenses	144,545	24,418
	£383,382	£152,776

UNI WORLD COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 May 2001

NOTE 6 - PROVISIONS FOR LIABILITIES AND CHARGES

The following deferred tax liability has been recorded in the financial accounts as a provision for liabilities and charges.

	2001		2000	
	<u>Timing difference</u>	<u>Tax effect</u>	<u>Timing difference</u>	<u>Tax effect</u>
Capital allowances	<u>£5,641</u>	<u>£1,128</u>	<u>£2,802</u>	<u>£911</u>

The liability as at 31 May 2000 was not recorded in the accounts.

NOTE 7 - CALLED UP SHARE CAPITAL

	<u>2001</u>	<u>2000</u>
Authorised		
1,000 ordinary shares of £1 each	<u>£1,000</u>	<u>£1,000</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>£500</u>	<u>£500</u>

NOTE 8 - OPERATING PROFIT

	<u>2000</u> £	<u>2000</u> £
Operating profit is stated after charging (crediting):		
Depreciation of tangible fixed assets	4,530	5,081
Amortisation of negative goodwill	(1,652)	(1,653)
Directors' remuneration	17,040	17,824
Auditors' remuneration	<u>4,000</u>	<u>4,000</u>

NOTE 9 - CORPORATION TAX CHARGE FOR YEAR

	<u>2001</u> £	<u>2000</u> £
UK Corporation tax:		
Current tax on profit for the year	27,308	30,840
Adjustment relating to an earlier year	107	(107)
Deferred taxation (See note 6)	<u>1,128</u>	<u>-</u>
	<u>£28,543</u>	<u>£30,733</u>

NOTE 10 - RELATED PARTY TRANSACTIONS

The following transactions occurred between the Company and Andrew Charles Associates (Communication) Limited, which are related party transactions as defined in Financial Reporting Standard no. 8 by reason of these companies being parent and subsidiary undertakings and having directors and shareholders in common:

UNI WORLD COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 May 2001

NOTE 10 - RELATED PARTY TRANSACTIONS (continued)

- (a) On 1 June 2000 Mrs B Potter, director and shareholder of both companies, transferred one ordinary share in the Company to Andrew Charles Associates (Communication) Limited for no consideration, and a joint election to hold over the chargeable gain, which would have arisen pursuant to section 165 of the Taxation of Chargeable Gains Act 1992 was signed by both parties.
- (b) On 5 April 2001 Mr C and Mrs B Potter, directors and shareholders of both companies sold 22 and 100 respectively of their ordinary shares of £1 each in the Company to Andrew Charles Associates (Communication) Limited for a total of £122,000. In the opinion of the directors the price equates to an open market value of those shares.
- (c) On 31 May 2001, Mr C and Mrs B Potter assigned £60,000 of the amount due to them by Andrew Charles Associates (Communication) Limited to the Company in consideration for the Company crediting their directors' loan account in like amount.

The Company pays interest on the amount due to the directors at the rate of 7% p.a. (2000: 8%). The purpose of this loan is to finance the Company's continued expansion into direct sales of telecommunication provision rather than the agency activities that were predominant in previous years. The interest accrued for the year in respect of this loan at 31 May 2001 amounts to £3,757 (2000: £843). A total of £3,680 was paid to the directors on 1 October 2001, being the accrued gross interest net of income tax.

NOTE 11 - ULTIMATE CONTROLLING PARTY

The ultimate controlling party of Uni World Communications Limited is Andrew Charles Associates (Communication) Limited.

NOTE 12 - RECLASSIFICATIONS

Certain corresponding figures have been reclassified to conform with current year presentation.