

REGISTRATION NO. 3220719

MILES ELECTRONICS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002



MILES ELECTRONICS LIMITED
COMPANY INFORMATION

Director	W.L. Miles
Secretary	M.J. Miles
Registration No.	3220719 - Registered in England and Wales
Registered Office	5th Floor, 71 Kingsway, London, WC2B 6ST.
Accountants	Wilson Wright & Co., Chartered Accountants, 71 Kingsway, London, WC2B 6ST.
Business Address	Unit 3 Magellan Close Walworth Industrial Estate Andover, Hants. SP10 5NT
Bankers	HSBC Bank plc.

MILES ELECTRONICS LIMITED

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**MILES ELECTRONICS LIMITED
REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2002**

The director submits his annual report and financial statements for the year ended 31 December 2002.

Principal Activity

The principal activity of the company during the year under review was that of electronics manufacture, assembly and related activities.

Director

The director in office during the year was as follows:

W.L. Miles

Director's Interests

The beneficial interest of the director in office at 31 December 2002 in the shares of the company was as follows:

	Ordinary 'A' shares of £ 1 each 31 December 2002	1 January 2002
W.L. Miles	1	1

	Ordinary 'B' shares of £ 1 each 31 December 2002	1 January 2002
W.L. Miles	-	-

Director's Responsibilities

The director is obliged under company law to prepare financial statements for each financial year.

The financial statements, of which the form and content is prescribed by the Companies Act 1985, must give a true and fair view of the state of affairs of the company at the end of the financial year, and of the profit or loss for that period, and they must comply with applicable accounting standards, subject to any material departures disclosed and explained in the financial statements. The director must 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 also responsible for the adoption of suitable accounting policies, their consistent use in the financial statements, supported where necessary by reasonable and prudent judgements.

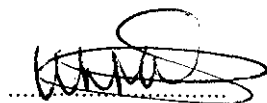
The director confirms that the above requirements have been complied with in the financial statements.

In addition, the director is responsible for maintaining adequate accounting records and sufficient internal controls to safeguard the assets of the company and to prevent and detect fraud or any other irregularities.

Small Company Exemptions

This 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



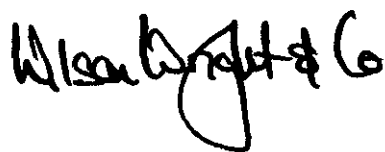
W.L. Miles
DIRECTOR

DATE: 26/08/03.

**ACCOUNTANTS' REPORT TO THE SHAREHOLDERS ON THE
UNAUDITED FINANCIAL STATEMENTS OF MILES ELECTRONICS LIMITED**

In accordance with your instructions, we have prepared the unaudited financial statements for the year ended 31 December 2002 from the accounting records and information and explanations supplied to us.

Wilson Wright & Co.,
Chartered Accountants,
71 Kingsway,
London, WC2B 6ST.

A handwritten signature in black ink, appearing to read 'Wilson Wright & Co.', written in a cursive, stylized script.

DATE: 28 August 2003

MILES ELECTRONICS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2002

		2002		2001	
	Notes	£	£	£	£
Turnover			496,502		422,879
Cost of sales			112,049		111,917
Gross Profit			<u>384,453</u>		<u>310,962</u>
Administrative and establishment expenses			181,141		176,336
Operating Profit	2		<u>203,312</u>		<u>134,626</u>
Income from investments		12,266		(329)	
Interest receivable		<u>5,728</u>		<u>6,507</u>	
			17,994		6,178
			<u>221,306</u>		<u>140,804</u>
Amounts written off investments			42,277		-
Profit on Ordinary Activities before Taxation			<u>179,029</u>		<u>140,804</u>
Taxation	4		41,550		29,050
Profit for the Financial Year			<u>137,479</u>		<u>111,754</u>
Dividends			110,000		60,000
Retained Profit for the Financial Year	10		<u>27,479</u>		<u>51,754</u>

MILES ELECTRONICS LIMITED
BALANCE SHEET AT 31 DECEMBER 2002

		2002		2001	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	5		45,052		90,763
Current Assets					
Stock		10,934		11,000	
Debtors	6	66,543		37,524	
Investments	7	103,893		59,990	
Cash at bank and in hand		166,013		155,726	
		<u>347,383</u>		<u>264,240</u>	
Current Liabilities					
Creditors: amounts falling due within one year	8	<u>75,019</u>		<u>65,066</u>	
Net Current Assets			272,364		199,174
Total Assets less Current Liabilities			<u>317,416</u>		<u>289,937</u>
Capital and Reserves					
Called up share capital	9		2		2
Profit and loss account	10		317,414		289,935
Shareholders' Funds			<u>317,416</u>		<u>289,937</u>

For the year ended 31 December 2002 the company was entitled to the exemption from audit under Section 249A(1) of the Companies Act 1985; and no notice has been deposited under Section 249B(2).

The director acknowledges his responsibilities for ensuring that the company keeps accounting records, which comply with Section 221 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of the Companies Act 1985, so far as applicable to the company.

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

Approved by the Board



W.L. Miles

Director

Date: 26/08/03

MILES ELECTRONICS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2002

1 Accounting Policies

1.1 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 June 2002).

1.2 Turnover

Turnover represents net invoiced sales of goods, excluding value added tax and arises solely in the United Kingdom.

1.3 Tangible fixed assets

Depreciation is provided on a reducing balance basis at the following annual rates in order to write off each asset over its estimated useful life:

Plant and machinery	25%
Fixtures, fittings & equipment	25%
Motor vehicles	25%

1.4 Investments

Current asset investments are stated at the lower of cost and net realisable value.

2 Operating Profit

	2002	2001
	£	£
The operating profit is stated after charging:		
Director's emoluments	7,507	33,958
Depreciation of tangible fixed assets	22,699	20,913
	<u>22,699</u>	<u>20,913</u>

3 Transactions with Directors

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

	Amount Outstanding	Maximum
	2002	in Year
	£	£
W. L. Miles	26,307	23,312
	<u>26,307</u>	<u>23,312</u>

This balance has subsequently been repaid to the company after the balance sheet date.

4 Taxation

	2002	2001
	£	£
The tax charge on the profit on ordinary activities for the year was as follows:		
UK corporation tax	41,550	29,050
	<u>41,550</u>	<u>29,050</u>

MILES ELECTRONICS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2002

5 Tangible Fixed Assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2002	27,969	7,958	100,164	136,091
Additions	3,000	2,988	-	5,988
Disposals	-	-	(61,553)	(61,553)
At 31 December 2002	30,969	10,946	38,611	80,526
Depreciation				
At 1 January 2002	9,685	3,778	31,865	45,328
On disposals	-	-	(22,965)	(22,965)
Charge for year	4,594	1,089	7,428	13,111
At 31 December 2002	14,279	4,867	16,328	35,474
Net book values				
At 31 December 2002	16,690	6,079	22,283	45,052
At 31 December 2001	18,284	4,180	68,299	90,763

6 Debtors

	2002 £	2001 £
Trade debtors	15,763	14,684
Other debtors	50,780	22,840
	66,543	37,524

7 Current Asset Investments

	2002 £	2001 £
Other investments	103,893	59,990
Market valuation of listed investments	15,572	45,117

MILES ELECTRONICS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2002

8 Creditors	2002	2001
	£	£
Amounts falling due within one year:		
Bank overdraft	-	1,363
Trade creditors	16,323	13,010
Corporation tax	41,466	29,050
Social security and other taxes	14,730	18,843
Other creditors	2,500	2,800
	<u>75,019</u>	<u>65,066</u>

HSBC Bank plc has a fixed charge over book debts and a floating charge over all other assets in respect of the company overdraft facilities.

9 Share Capital	2002	2001
	£	£
Authorised		
500 Ordinary 'A' shares of £ 1 each	500	500
500 Ordinary 'B' shares of £ 1 each	500	500
	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
1 Ordinary 'A' shares of £ 1 each	1	1
1 Ordinary 'B' shares of £ 1 each	1	1
	<u>2</u>	<u>2</u>

The 'B' shares are non-voting shares, but in all other respects rank pari passu with the 'A' shares.

10 Statement of Movements on Reserves

	Profit and loss account £
Balance at 1 January 2002	289,935
Retained profit for the financial year	27,479
Balance at 31 December 2002	<u>317,414</u>

11 Pension Costs

The company contributes to a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents contributions paid by the company to the fund and amounted to £(8,200) (2001 - £16,000).

**MILES ELECTRONICS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

12 Control

The ultimate controlling party is W. L. Miles.

13 Related Party Transactions

Included within other debtors is £nil (2001 - £10,821) due from Miltech Developments Limited, which has subsequently changed its name to Miltech International Limited, a company which W.L. Miles is a director and shareholder.

Included within other debtors is £10,000 (2001 - £nil) due from Jay International Limited, which has changed its name to Miltech Developments Limited, a company which W.L. Miles is a director and shareholder.

W.L. Miles purchased two cars from the company for £29,000, the director is of the opinion that the transaction was made at arms length.