

# **Acxiom UK Limited**

## **Directors' report and financial statements**

**31 March 1995**

Registered number 1182318



# Acxiom UK Limited

## Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Chairman's statement	1 - 3
Directors' report	4 - 6
Directors' statement of responsibilities	7
Auditors' report	8
Profit and loss account	9
Statement of total recognised gains and losses	9
Balance sheet	10
Cash flow statement	11
Notes	12 - 22

# Acxiom UK Limited

## Chairman's statement

### Operating Results

The steady improvement in the UK Marketing Services Division for the past three years has continued. The Division recorded a profit of £335,008 compared with a profit of £70,700 in the corresponding period last year. Both computer based and fulfilment operations showed an improving profit trend during the year and each closed the year strongly. In contrast, following its transfer to Acxiom UK's Marketing Services management in May 1994, the operations of the BSA Mail-order Division were discontinued during the year. It became apparent that this business was neither strategic for Acxiom UK in the long term, nor profitable in the short term and we can now go forward without its negative impact upon Acxiom UK's overall financial performance.

The effect of this BSA Division can be seen in the analysis of historical operating results below:

	1995	1994	1993	1992
	£000	£000	£000	£000
<b>Marketing Services</b>				
Revenue	9,262	9,618	8,304	7,384
Profit/(loss) before tax	335	70	(269)	(1,083)
<b>BSA</b>				
Revenue	64	1,501	1,196	832
(Loss)/profit before tax	(1,500)	(603)	(430)	26

### UK Acquisition by the Acxiom Group

Subsequent to the balance sheet date, during July 1995, Acxiom Corporation (the parent company of Acxiom UK) acquired all the share capital of a private UK company, Generator Datamarketing Limited. This acquisition will provide many profitable opportunities in the years ahead.

Acxiom UK already has large-scale computer processing, telemarketing and fulfilment capabilities in order to facilitate significant database marketing and customer loyalty projects. Generator will now add its portfolio of best-of-breed data analysis software, contact management software and business data to produce an outstanding combination of marketing services across the merged operations.

Together, Acxiom and Generator will be able to provide the leading edge technology and expertise to meet all kinds of companies' marketing requirements. With access to mainframe, open systems and PC technology platforms we can now offer solutions for large and small, consumer or business-to-business, data users that is unparalleled in the marketing services industry.

# Acxiom UK Limited

## Chairman's statement *(continued)*

### UK Acquisition by the Acxiom Group *(continued)*

Both companies have recently developed new marketing and software products. In December 1994, Acxiom received a DMA/Royal Mail innovation award for our unique 'Tracker' software which recognises, upgrades and matches completely outdated postal addresses. On 7 July 1995, Generator scooped first place in the Direct Response Creative and Innovation Awards, taking the gold award for its Windows based Rapidus data analysis software which enables high speed counts and profiles to be performed on large marketing databases. The pooling and co-ordination of each Company's software teams will accelerate the development of an already impressive portfolio of marketing products and services.

This acquisition by Acxiom Corporation produces a strong, synergistic match between two highly successful companies with complementary, rather than competitive, resources and no client conflicts.

### Investment in Technology

During the year, we progressed our programme of investment in PC and client/server systems. All of Acxiom UK's professional grade staff now have a dedicated PC and these are being used effectively for:

- Customer work flow management/data analysis;
- personal productivity;
- communications - both internal and external.

In support of the third of these activities, we now have local area networks throughout our London and Sunderland operations which, in turn, are interconnected with one another and also with our US parent company network.

In addition, we have significantly extended our range of direct marketing solutions with the development and implementation of UNIX/PC based systems for Loyalty Programmes, data analysis and the easy-to-use data selection tools.

Overall we are now extremely well placed with a combination of immense computer power to manage very large-scale databases linking to fast, user friendly front-end data access systems.

### Employee Related

At the beginning of the year under review, two new profit linked employee incentive schemes were introduced.

The first scheme was salary sacrifice based and was limited to our higher paid associates. The scheme was very successful and there is no doubt that it had a large part to play in the improved profitability for the year and brought widespread focus onto the 'bottom line'. The scheme has proved to be a powerful motivator and will remain in place in future years.

# Acxiom UK Limited

## Chairman's statement *(continued)*

### **Employee Related** *(continued)*

The second scheme introduced was a Government approved Profit Related Pay (PRP) scheme for all of the associates in the Marketing Services Division. As this was the first year of PRP operation, no salary sacrifice was incurred. Based upon the profit achieved, a total of £30,600 was earned for the year to 31 March 1995 which has been provided for in these accounts. For subsequent years, we have redesigned the scheme, increasing the gearing for bonus potential and providing a greater opportunity for our associates to share in the success of their company.

# Acxiom UK Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 1995.

### Principal activity

The principal activity of the company is the provision of computing and fulfilment services in support of our customers' direct marketing activities.

### Business review

#### *Operations*

The loss for the year after taxation was £1,164,801 (1994:£552,725). The directors do not recommend the payment of a dividend (1994:£nil) and the loss for the year has been transferred to reserves.

#### *Funding*

The company financed its operations from internally generated funds throughout the year. In previous years, our ultimate parent company (Acxiom Corporation) has provided funding support (1994:£700,000). These cash injections were required to fund the operating losses of the BSA mail order division which has now been closed.

### Fixed assets

Movements in fixed assets during the year are shown in notes 9 and 10 to the financial statements.

The directors consider that the market value of the company's freehold land and buildings in Sunderland is at least equal to its net book value.

### Directors and directors' interests

The directors who held office during the year were as follows:

CD Morgan Jnr	(Chairman)
JCD Ellis	(Managing Director)
CC Ankjaer	(resigned 6 October 1994)
R Innes	
R Kline	
MF Lordan	

# Acxiom UK Limited

## Directors' report *(continued)*

### Directors and directors' interests *(continued)*

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company, according to the register of directors' share and debenture interests. However the disclosable interest of the directors in options for shares of the parent company, Acxiom Corporation, under the Executive Share Option Scheme and the savings based option scheme (which is available to all employees subject to satisfying a minimum employment requirement) are as follows:

	JCD Ellis	CC Ankjaer	MF Lordan	R Innes
<b>Number of options</b>				
At 1 April 1994	93,310	20,000	26,157	5,304
Granted	-	-	3,947	-
Exercised	(4,594)	(20,000)	(2,800)	-
Lapsed	-	-	-	(5,304)
At 31 March 1995	88,716	-	27,304	-
Vested at 31 March 1995	15,028	-	3,643	-
Exercise price (average)	\$8.98	-	\$11.80	-
<b>Options Exercised</b>				
Exercise price (average)	\$4.18	\$3.62	\$3.25	-
Market price at exercise	\$14.69	\$14.25	\$13.25	-

### Employees

The training and re-training of staff is a high priority. Much of this training is on-the-job as well as by internal and external courses.

The company's aim for all applicants and members of staff is to fit the qualifications, aptitude and ability of each individual to the appropriate job. The company does all that is practicable to meet its responsibility towards the employment of disabled people. Where an employee becomes disabled every effort is made to provide continuity of employment in the same job or a suitable alternative.

### Political and charitable contributions

The company made no political contributions during the year. Donations to UK charities amounted to £918 (1994:£810).

### Liability insurance

During the year the company maintained liability insurance for its officers.

# Acxiom UK Limited

## Directors' report *(continued)*

### Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their audit report in their new name. In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



JCD Ellis  
Director

60-68 St Thomas Street  
London

6 September 1995



# Acxiom UK Limited

## Directors' statement of responsibilities

Company Law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of its 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;
- state whether applicable accounting standards have been followed, subject to any material departures which are disclosed and explained in the financial statements;
- prepare the financial statements on a 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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Maybrook House  
27 Grainger Street  
Newcastle upon Tyne  
NE1 5JT

## Report of the auditors to the members of Acxiom UK Limited

We have audited the financial statements on pages 9 to 22.

### *Respective responsibilities of directors and auditors*

As described on page 7, the company's directors are responsible for the preparation of 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 mis-statement, 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 31 March 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants  
Registered Auditors

6 September 1995

# Acxiom UK Limited

## Profit and loss account for the year ended 31 March 1995

	1995			1994		
	Continuing £	Discontinued £	Total £	Continuing £	Discontinued £	Total £
Turnover (note 2)	9,261,873	64,204	9,326,077	9,618,159	1,501,076	11,119,235
Cost of sales	(7,490,103)	(230,099)	(7,720,202)	(8,052,446)	(1,456,310)	(9,508,756)
Gross profit/(loss)	1,771,770	(165,895)	1,605,875	1,565,713	44,766	1,610,479
Distribution costs	(586,988)	-	(586,988)	(464,436)	(460,607)	(925,043)
Administration expenses	(875,621)	(1,177,438)	(2,053,059)	(1,035,174)	(187,305)	(1,222,479)
Operating profit/(loss)	309,161	(1,343,333)	(1,034,172)	66,103	(603,146)	(537,043)
Loss on disposal of discontinued business segment	-	(154,694)	(154,694)	-	-	-
Profit/(loss) on ordinary activities before interest	309,161	(1,498,027)	(1,188,866)	66,103	(603,146)	(537,043)
Interest receivable and similar income (note 6)	30,144	1,369	31,513	14,591	9,336	23,927
Interest payable and similar income (note 7)	(4,297)	(3,151)	(7,448)	(9,994)	(9,615)	(19,609)
Loss on ordinary activities before taxation (notes 3-5)	335,008	(1,499,809)	(1,164,801)	70,700	(603,425)	(532,725)
Tax on loss on ordinary activities (note 8)			-			(20,000)
Loss for the financial year			(1,164,801)			(552,725)
Accumulated losses brought forward			(1,731,880)			(1,179,155)
Accumulated losses carried forward			(2,896,681)			(1,731,880)

## Statement of total recognised gains and losses for the year ended 31 March 1995

All recognised gains and losses for this year and the previous year are included in the profit and loss account.

# Acxiom UK Limited

## Balance sheet at 31 March 1995

	Note	1995		1994	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	9	1,734,564		1,841,859	
Tangible assets	10	1,614,260		1,904,627	
		<u>3,348,824</u>		<u>3,746,486</u>	
<b>Current assets</b>					
Stocks	11	9,065		73,066	
Debtors	12	2,042,380		3,104,533	
Cash at bank and in hand		611,369		7,738	
		<u>2,662,814</u>		<u>3,185,337</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(1,514,688)</u>		<u>(1,232,290)</u>	
<b>Net current assets</b>		<u>1,148,126</u>		<u>1,953,047</u>	
<b>Total assets less current liabilities</b>		<u>4,496,950</u>		<u>5,699,533</u>	
<b>Creditors: amounts falling due after more than one year</b>	14	<u>(1,962,144)</u>		<u>(1,999,926)</u>	
<b>Net assets</b>		<u>2,534,806</u>		<u>3,699,607</u>	
<b>Capital and reserves</b>					
Called up share capital	16	4,600,000		4,600,000	
Share premium account		831,487		831,487	
Profit and loss account		<u>(2,896,681)</u>		<u>(1,731,880)</u>	
<b>Shareholders' funds: equity</b>	17	<u>2,534,806</u>		<u>3,699,607</u>	

These financial statements were approved by the board of directors on 6 Sept '95 and were signed on its behalf by:



**JCD Ellis**  
Managing Director

# Acxiom UK Limited

## Cash flow statement for the year ended 31 March 1995

	Note	1995		1994	
		£	£	£	£
Net cash inflow/(outflow) from operating activities	20	961,060		(129,530)	
Returns on investments and servicing of finance					
Interest received		31,513		23,927	
Interest paid		(268)		(353)	
Interest element of finance lease rental payments		(7,180)		(19,256)	
		<u>24,065</u>		<u>4,318</u>	
Net cash inflow from returns on investment and servicing of finance		24,065		4,318	
Taxation		-		-	
Investing activities					
Purchase of tangible fixed assets		(401,341)		(437,584)	
Sale of discontinued operations	21	110,000		-	
		<u>(291,341)</u>		<u>(437,584)</u>	
Net cash outflow from investing activities		(291,341)		(437,584)	
Net cash inflow/(outflow) before financing		693,784		(562,796)	
Financing					
Funding received from parent undertaking		-		700,000	
Finance lease repayments		(77,881)		(98,084)	
		<u>(77,881)</u>		<u>601,916</u>	
Net cash (outflow)/inflow from financing		(77,881)		601,916	
Increase in cash and cash equivalents	22	<u>615,903</u>		<u>39,120</u>	

# Acxiom UK Limited

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

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

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards.

#### *Fixed assets and depreciation*

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:

Freehold buildings	-	10 to 25 years
Leasehold land and buildings	-	life of lease
Plant and machinery	-	1 to 5 years
Motor vehicles	-	3 years

No depreciation is provided on freehold land.

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### *Goodwill*

Goodwill comprises the excess of the purchase consideration (including related expenses) on the acquisition of businesses over net tangible assets acquired and is amortised on a straight line basis over 25 years from the acquisition dates. In the opinion of the directors, this represents a prudent estimate of the period over which the company will derive direct economic benefit from the goodwill acquired part of that business.

#### *Government grants*

Revenue based government grants are credited to trading results in the period in which they are received.

# Acxiom UK Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### *Leases*

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

#### *Pension costs*

The company operates a pension scheme providing benefits based on final pensionable pay to staff employees. The assets of the scheme are held separately from those of the company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company, in accordance with actuarial advice. Independent actuarial valuations of the scheme are made every three years.

#### *Research and development expenditure*

Expenditure on research and development is written off against profits in the year in which it is incurred.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value.

#### *Taxation*

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### *Turnover*

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

# Acxiom UK Limited

## Notes (continued)

### 2 Turnover

The whole of the company's turnover and profit before tax arises from its principal business activities within the United Kingdom. An analysis of turnover by activity is given below:

	1995 £	1994 £
Computer operations	4,512,415	4,897,446
Promotional fulfilment	4,749,458	4,720,713
BSA division	64,204	1,501,076
	<u>9,326,077</u>	<u>11,119,235</u>

### 3 Loss on ordinary activities before taxation

	1995 £	1994 £
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Audit	16,000	17,000
Other services	3,540	5,800
Depreciation of tangible fixed assets:		
Owned	599,997	579,499
Leased	45,114	97,778
Goodwill amortised	107,295	107,295
Rentals of assets held under operating leases		
- buildings	273,240	249,525
- other	120,176	121,249
	<u></u>	<u></u>

### 4 Remuneration of directors

	1995 £	1994 £
Directors' emoluments	<u>199,199</u>	<u>228,008</u>

The emoluments, excluding pension contributions, of the chairman were £Nil (1994:£Nil) and those of the highest paid director were £80,518 (1994:£81,578).



# Acxiom UK Limited

## Notes (continued)

### 4 Remuneration of directors (continued)

The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid directors) were within the following ranges:

		Number of directors	
		1995	1994
£0	- £ 5,000	3	2
£20,001	- £25,000	-	1
£35,001	- £40,000	-	1
£45,001	- £50,000	1	-
£55,001	- £60,000	1	-
£60,001	- £65,000	-	1
£80,001	- £85,000	1	-

### 5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	1995	1994
Management	14	14
Software	31	43
Sales	3	6
Finance and administration	27	30
Accounts services	31	37
Production	247	282
	<u>353</u>	<u>412</u>

The aggregate payroll costs of these persons were as follows:

	1995	1994
	£	£
Wages and salaries	4,242,368	4,877,683
Social security costs	344,775	423,468
Other pension costs (see note 19)	24,505	133,399
	<u>4,611,648</u>	<u>5,434,550</u>

# Acxiom UK Limited

## Notes (continued)

### 6 Interest receivable and similar income

	1995 £	1994 £
Bank interest receivable	30,144	14,591
Other income	1,369	9,336
	<u>31,513</u>	<u>23,927</u>

### 7 Interest payable and similar charges

	1995 £	1994 £
On bank loans, overdrafts and other loans wholly repayable within five years	-	349
Finance charges payable in respect of finance leases and hire purchase contracts	7,448	19,260
	<u>7,448</u>	<u>19,609</u>

### 8 Taxation

	1995 £	1994 £
UK corporation tax at 33% (1994:33%) on the loss for the year on ordinary activities:		
Corporation tax charge	-	20,000
	<u>-</u>	<u>20,000</u>

### 9 Intangible fixed assets

	1995 £	1994 £
Goodwill		
At 1 April 1994	1,841,859	1,949,154
Amortised in year	(107,295)	(107,295)
	<u>1,734,564</u>	<u>1,841,859</u>
At 31 March 1995		

# Acxiom UK Limited

## Notes (continued)

### 10 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Office furniture, fixtures and equipment and motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 April 1994	1,658,213	2,850,292	377,643	4,886,148
Additions	100,561	300,380	400	401,341
Disposals	-	(69,647)	(72,476)	(142,123)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1995	1,758,774	3,081,025	305,567	5,145,366
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 April 1994	698,690	1,984,202	298,629	2,981,521
Charge for year	191,174	409,391	44,546	645,111
Disposals	-	(37,528)	(57,998)	(95,526)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1995	889,864	2,356,065	285,177	3,531,106
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 March 1995	868,910	724,960	20,390	1,614,260
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1994	959,523	866,090	79,014	1,904,627
	<hr/>	<hr/>	<hr/>	<hr/>

Included in the total net book value of tangible fixed assets is £34,347 (1994:£93,453) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £45,114 (1994:£97,778).

Land and buildings includes land at a cost of £40,000 (1994:£40,000) which is not being depreciated.

The company had no capital commitments at 31 March 1995 (1994:£Nil).

# Acxiom UK Limited

## Notes (continued)

11	<b>Stocks</b>	<b>1995</b>	<b>1994</b>
		£	£
	Work in progress	<u>9,065</u>	<u>73,066</u>
12	<b>Debtors</b>	<b>1995</b>	<b>1994</b>
		£	£
	Trade debtors	1,765,562	2,597,935
	Other debtors	35,735	187,880
	Prepayments and accrued income	<u>241,083</u>	<u>318,718</u>
		<u>2,042,380</u>	<u>3,104,533</u>
13	<b>Creditors: amounts falling due within one year</b>	<b>1995</b>	<b>1994</b>
		£	£
	Bank loans and overdrafts	-	12,272
	Obligations under finance leases (see note 14)	28,748	68,847
	Payments received on account	131,840	234,811
	Trade creditors	85,976	265,311
	Amounts owed to parent and fellow subsidiary undertakings	184,143	125,096
	Other creditors including taxation and social security	492,470	265,222
	Accruals and deferred income	<u>591,511</u>	<u>260,731</u>
		<u>1,514,688</u>	<u>1,232,290</u>
14	<b>Creditors: amounts falling due after more than one year</b>	<b>1995</b>	<b>1994</b>
		£	£
	Obligations under finance leases	2,033	39,815
	Amounts owed to parent undertaking	<u>1,960,111</u>	<u>1,960,111</u>
		<u>1,962,144</u>	<u>1,999,926</u>

# Acxiom UK Limited

## Notes (continued)

### 14 Creditors: amounts falling due after more than one year (continued)

The maturity of obligations under finance leases is as follows:

	1995 £	1994 £
Within one year	30,620	67,333
In the second to fifth years	2,166	52,280
	<hr/>	<hr/>
	32,786	119,613
Less future finance charges	(2,005)	(10,951)
	<hr/>	<hr/>
	30,781	108,662
	<hr/>	<hr/>

### 15 Provisions for liabilities and charges

The unprovided deferred tax asset, calculated at 33 % (1994:33%), is set out below:

	1995 Unprovided £	1994 Unprovided £
Accelerated capital allowances	(27,400)	20,800
Other timing differences	(22,400)	(34,000)
Accumulated tax losses	(528,990)	(263,670)
	<hr/>	<hr/>
	(578,790)	(276,870)
	<hr/>	<hr/>

### 16 Called up share capital

	1995 £	1994 £
<i>Authorised</i>		
Ordinary shares of £1 each	5,000,000	5,000,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	4,600,000	4,600,000
	<hr/>	<hr/>

# Acxiom UK Limited

## Notes (continued)

### 17 Reconciliation of movements in shareholders' funds

	1995 £	1994 £
Loss for the financial year	(1,164,801)	(552,725)
Net decrease in shareholders' funds	(1,164,801)	(552,725)
Opening shareholders' funds	3,699,607	4,252,332
Closing shareholders' funds	2,534,806	3,699,607

### 18 Commitments and contingencies

Annual commitments under non-cancellable operating leases analysed by the years in which the commitment expires are as follows:

	1995		1994	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	47,629	-	7,471
In the second to fifth years inclusive	49,365	21,423	49,365	106,608
Over five years	223,275	-	223,275	-
	<u>272,640</u>	<u>69,052</u>	<u>272,640</u>	<u>114,079</u>

### 19 Pension scheme

The company operates a defined benefit pension scheme in respect of staff employees. The assets of the scheme are held separately from those of the company, being invested with insurance companies.

Pension contributions are determined by an independent qualified actuary using the current unit method. Regular triennial actuarial valuations are carried out, the most recent valuation being at 6 April 1995. At this date the market value of the assets of the scheme was £2,471,730. The actuarial value of these assets on an on-going basis represented 120% of the benefits that had accrued to members, after allowing for future increase in salaries. The main assumptions underlying the valuation were:

- the rate of return on investments will be 9% per annum;
- salary increases will average 8.5% per annum.

On the advice of the actuary pension costs paid and charged in the financial statements were £24,505 (1994:£133,399).

# Acxiom UK Limited

## Notes (continued)

### 20 Reconciliation of operating loss to net cash inflow/(outflow) from operating activities

	1995 £	1994 £
Operating loss	(1,188,866)	(537,043)
Depreciation and amortisation	752,406	784,572
Loss on sale of tangible fixed assets	18,777	1,998
Loss on sale of discontinued operations	154,694	-
Increase in stocks	(45,563)	(48,582)
Decrease/(increase) in debtors	934,843	(294,399)
Increase/(decrease) in creditors	334,769	(36,076)
Net cash inflow/(outflow) from operating activities	<u>961,060</u>	<u>(129,530)</u>

### 21 Sale of discontinued operations

	£000
Net assets disposed of	
Fixed assets	27,820
Stocks	109,564
Debtors	127,310
	<u>264,694</u>
Loss on disposal	(154,694)
	<u>110,000</u>
Satisfied by	
Cash	<u>110,000</u>

### 22 Analysis of changes in cash and cash equivalents

	Cash £	Overdraft £	Net £
Balance at 1 April 1993	9,620	(53,274)	(43,654)
Net cash (outflow)/inflow	<u>(1,882)</u>	<u>41,002</u>	<u>39,120</u>
Balance at 31 March 1994	7,738	(12,272)	(4,534)
Net cash inflow	<u>603,631</u>	<u>12,272</u>	<u>615,903</u>
Balance at 31 March 1995	<u>611,369</u>	<u>-</u>	<u>611,369</u>

# Acxiom UK Limited

## Notes (continued)

### 23 Analysis of changes in financing during the year

	Share capital (including premium)	Funding from parent company	Finance lease obligations
	£	£	£
Balance at 1 April 1993	5,431,487	1,260,111	189,146
Net cash inflow/(outflow) from financing	-	700,000	(80,484)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 1994	5,431,487	1,960,111	108,662
Net cash outflow from financing	-	-	(77,881)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 1995	<u>5,431,487</u>	<u>1,960,111</u>	<u>30,781</u>

### 24 Ultimate parent company

The company is a wholly-owned subsidiary of Acxiom Corporation, a company incorporated in the United States of America.