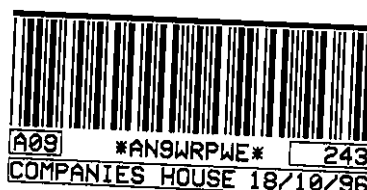


Oxford Analytica Limited

Annual report for the year ended 31 December 1995

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Oxford Analytica Limited

1

Directors and advisers

Executive directors

D R Young - Chairman
S K Young
K C Leaman
J W Wood

Registered Auditors

Coopers & Lybrand
Harman House
1 George Street
Uxbridge
Middlesex
UB8 1QQ

Secretary and registered office

D R Young
5 Alfred Street
Oxford
OX1 4EH

**Directors' report
for the year ended 31 December 1995**

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

Principal activities

The principal activity of the company continues to be the dissemination of information on current affairs.

Review of business

The profit and loss account for the period is set out on page 6.

The year end level of business is regarded as satisfactory and is expected to be sustained for the foreseeable future.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend for the year. The profit for the year of £46,402 (31 December 1994 : profit £33,531) will be transferred to reserves.

Changes in fixed assets

The movements in fixed assets are set out in note 9 to the financial statements.

Directors

The following were directors of the company for the whole year:

D R Young
S K Young
K C Leaman
J W Wood

**Directors' report
for the year ended 31 December 1995 (continued)****Directors' interests in shares of the company**

The interests of the directors at 31 December 1995 in the shares of the company were as follows:

	Number of ordinary shares 10p each	
	31 December 1995	31 December 1994
D R Young	Nil	Nil
S K Young	Nil	Nil
K C Leaman	Nil	Nil
J W Wood	Nil	Nil

Close company provisions

In the opinion of the directors, the company is a close company within the meaning of Section 414 of the Income and Corporation Taxes Act 1988.

Statement of Directors' Responsibilities

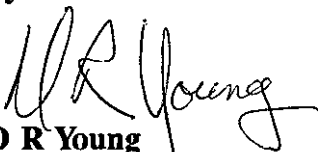
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing those financial statements the directors are required to:

- 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 disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

**Directors' report
for the year ended 31 December 1995 (continued)**

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 are 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.

By order of the board


D R Young
Secretary

20 September 1996

Report of the auditors to the members of Oxford Analytica Limited

We have audited the financial statements on pages 6 to 16 in accordance with Auditing Standards.

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

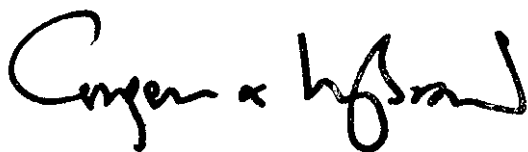
Basis of opinion

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 company's affairs at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
London, 20 Feb 1996

Profit and loss account for the year ended December 1995

	Notes	Year ended 31 December 1995 £	Year ended 31 December 1994 £
		Continuing Operations	Continuing Operations
Turnover	1, 2	349,536	366,910
Cost of sales		(25,942)	(100,801)
Gross profit		323,954	266,109
Administrative expenses		(242,608)	(244,365)
Operating profit		80,986	21,744
Release of provision for/(provision against) deficiency of net assets in Oxford Analytica Daily Brief Limited		46,241	(34,356)
(Provision against)/release of provision for deficiency of net assets in Oxford Analytica Inc		(34,565)	64,923
Interest payable and similar charges	5	(46,260)	(18,780)
Profit on ordinary activities before taxation	7	46,402	33,531
Taxation	8	-	-
Retained profit for the financial year		46,402	33,531

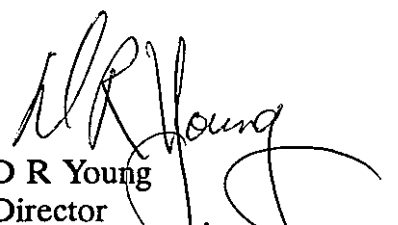
The company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the retained profit for the year stated above and its historical cost equivalent.

**Balance sheet
at 31 December 1995**

	Notes	1995 £	1994 £
Fixed assets			
Tangible assets	9	686,307	662,224
		<u>686,307</u>	<u>662,224</u>
Current assets			
Debtors	10	20,417	14,882
Cash at bank and in hand		285	251
		<u>20,702</u>	<u>15,133</u>
Creditors: amounts falling due within one year	11	(386,005)	(433,289)
Net current liabilities		<u>(365,303)</u>	<u>(418,156)</u>
Creditors: amounts falling due after more than one year	12	(366,282)	(335,748)
Net liabilities		<u>(45,278)</u>	<u>((91,680))</u>
Capital and reserves			
Called-up share capital	13	100	100
Profit and loss account	15	(45,378)	(91,780)
Equity shareholders' funds		<u>(45,278)</u>	<u>(91,680)</u>

The financial statements on pages 6 to 16 were approved by the board of directors on 1996 and were signed on its behalf by:


D R Young
Director
20 September 1996

**Notes to the financial statements
for the year ended 31 December 1995**

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation and amortisation are calculated to write off the cost of tangible fixed assets over the expected useful lives of the assets concerned. The annual rate used is 20% straight line for all assets.

The freehold building has not been depreciated, contrary to the Companies Act 1985. Had this departure not occurred, the profit for the year would have been reduced by depreciation on the property of £10,024 (1994: £8,000).

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the period of the lease term.

Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. All differences on exchange are taken to the profit and loss account.

Turnover

Turnover represents the contractual payment of a licence fee for the marketing rights, by Oxford Analytica Inc., with respect to the Daily Brief produced by the company.

Deferred taxation

Deferred tax is accounted for in respect of material timing differences to the extent that it is foreseen that a liability will crystallise. Provision is made for deferred tax at the rate of corporation tax expected to be that ruling on the date when it is anticipated the timing differences will reverse.

Cash flow statement

The company is exempt from preparing a cash flow statement under the provisions of FRS 1 since it qualifies as a 'small' company under the terms of s247(3) of the Companies Act 1985.

2 Turnover and profit on ordinary activities before taxation

Under the terms of the marketing agreement between Oxford Analytica Inc. and the company dated 31 July 1987 and as amended on 21 December 1988 and 15 April 1993 (with effect from 1 January 1993), Oxford Analytica Inc. was granted the exclusive right to distribute and market the products and services of the company worldwide. This represents the main source of income for the company. In the event that Oxford Analytica Inc. is not able to provide sufficient income to the company to continue its activities the company will need to form a new distribution agreement. At 31 December 1995 Oxford Analytica Inc. has a deficiency of net assets of £1,427,742 (\$2,185,587) (31 December 1994: deficiency, £1,317,094 (\$2,016,207)).

The terms of the marketing agreement have been renegotiated with effect from 1 January 1993.

3 Directors' emoluments

The remuneration paid to the directors of Oxford Analytica Limited for services in a managerial capacity was:

	Year Ended 31 December 1995 £	Year ended 31 December 1994 £
Directors' remuneration	<u>21,259</u>	<u>17,980</u>

Fees and other emoluments (excluding pension contributions) include amounts paid to:

	Year ended 31 December 1995 £	Year ended 31 December 1994 £
The chairman and highest paid director	<u>16,507</u>	<u>15,984</u>

The number of directors (including the chairman and the highest paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	Year ended 31 December 1995 Number	Year ended 31 December 1994 Number
£0 to £5,000	2	2
£5,001 to £10,000	0	1
£10,001 to 15,000	1	0
£15,001 to £20,000	1	1

4 Employee information

The average weekly number of persons (including executive directors) employed during the year was:

	Year ended 31 December 1995 Number	Year ended 31 December 1994 Number
Management	3	2
Administration	31	25
	<u>34</u>	<u>27</u>
	<u><u>34</u></u>	<u><u>27</u></u>
	Year ended 31 December 1995 £	Year ended 31 December 1994 £
Staff costs (for the above persons):		
Wages and salaries	467,860	308,579
Social security costs	10,863	29,555
	<u>478,724</u>	<u>338,134</u>
	<u><u>478,724</u></u>	<u><u>338,134</u></u>

Included above are costs relating to 13 employees (31 December 1994:10) who work entirely for Oxford Analytica Daily Brief Limited. The costs of £384,488 (31 December 1994: £301,497) associated with these employees are recharged accordingly.

5 Interest payable and similar charges

	Year ended 31 December 1995 £	Year ended 31 December 1994 £
On bank loans, overdrafts and other loans:		
Repayable within 5 years, not by instalment	4,754	7,354
Repayable after 5 years	41,506	11,426
	<u>46,260</u>	<u>18,780</u>
	<u><u>46,260</u></u>	<u><u>18,780</u></u>

6 Investment in subsidiary

The company acquired the whole of the issued share capital, being 2 ordinary shares of £1 each, of Oxford Analytica Daily Brief Limited on 16 December 1988. The subsidiary is registered in England and Wales with its principal activity continuing to be the dissemination of information on current affairs. Group accounts have not been prepared as the directors have availed themselves of the exemption under Section 248 of the Companies Act. The subsidiary company shows a net deficiency of £51,049 (31 December 1994: £110,118 deficiency). A provision has been set up for this deficiency together with the cost of the investment. Oxford Analytica Daily Brief Limited made a profit for the year to 31 December 1995 of £56,021 (Year to 31 December 1994: loss of £34,356).

7 Profit on ordinary activities before taxation

	Year ended 31 December 1995 £	Year ended 31 December 1994 £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets	41,704	20,221
Auditors' remuneration	3,028	4,568
Hire of plant and machinery	23,962	8,834
Exceptional write down of freehold building	-	35,659
	<u> </u>	<u> </u>

8 Taxation

There is no liability to United Kingdom corporation tax due to the availability of losses brought forward from previous years.

9 Tangible fixed assets

	Freehold property	Computer equipment	Office furniture, fittings & equipment	Motor vehicle	Total
Cost					
At 1 January 1994	500,000	90,342	158,166	18,466	766,974
Additions	2,384	62,044	1,359	-	65,787
Disposals	-	-	-	-	-
At 31 December 1995	502,384	152,386	159,525	18,466	832,761
Accumulated depreciation					
At 1 January 1995	-	58,484	32,796	13,470	104,750
Charge for year	-	16,134	24,371	1,199	41,704
Depreciation on disposals	-	-	-	-	-
At 31 December 1995	-	74,618	57,167	14,669	146,454
Net book value					
31 December 1995	502,384	77,768	102,358	3,797	686,307
Net book value					
31 December 1994	500,000	31,858	125,370	4,996	662,224

10 Debtors

	1995 £	1994 £
Amounts falling due within one year		
Amounts owed by group undertakings:		
Oxford Analytica Inc.	104,892	70,327
Provision against Oxford Analytica Inc. deficiency of net assets	(104,892)	(70,327)
Oxford Analytica Daily Brief Limited	46,241	110,118
Provision against Oxford Analytica Daily Brief Limited	(46,241)	(110,118)
Oxford Patents Limited	303	303
Analytica International Group Inc (formerly Analytica Inc)	40	40
Other debtors	20,074	14,539
	20,417	14,882

11 Creditors: amounts falling due within one year

	1995 £	1994 £
Short term portion of bank loan	-	23,678
Bank overdraft	90,990	95,802
Trade creditors	100,726	180,252
Taxation and social security payable	51,598	39,884
Accruals and other creditors	142,691	93,673
	<u>386,005</u>	<u>433,289</u>

12 Creditors: amounts falling due after more than one year

	1995 £	1994 £
Bank loan	<u>366,282</u>	<u>335,748</u>

(a) The bank loan is repayable by instalments over the following periods:

	£	£
Between two and five years	195,350	200,848
In five years or more	170,932	134,900
	<u>366,282</u>	<u>335,748</u>

(b) The bank loan represents a mortgage secured by a legal charge over the property at 5 Alfred Street, Oxford.

13 Called-up share capital

	1995 £	1994 £
Authorised, allotted, called-up and fully paid 1,000 ordinary shares of 10p each	<u>100</u>	<u>100</u>

14 Financial commitments

At 31 December 1995 the company had annual commitments under non-cancellable operating leases as follows:

	1995 £	1994 £
Other		
Expiring in less than one year	10,112	3,536
Expiring between two and five years	<u>4,782</u>	<u>9,675</u>

15 Reserves

	Profit and loss account £	Equity shareholders' funds £
At 1 January 1995	(91,780)	(91,680)
Profit for the financial year	<u>46,402</u>	<u>46,402</u>
At 31 December 1995	<u>(45,378)</u>	<u>(45,278)</u>

16 Group refinancing activities

During the 1994 year Oxford Analytica Inc., from whom the company derives its main source of income (see note 2), began procedures to correct the deficiency of net assets. Finance was initially introduced in the form of short term loans which totalled £605,892 (\$927,500) and were reflected in the Oxford Analytica Inc. financial statements. The Directors have raised permanent new equity capital for the company through a Private Placement Memorandum by an offering of stock in its holding company, Oxford Analytica International Group Inc., a Delaware corporation. The net placement opened on 15 April 1995. £676,117 (\$1,035,000) has been converted into equity.

The offer was closed in May 1996. The net proceeds amount to £774,105 (\$1,185,000) which the directors consider sufficient to enable Oxford Analytica Inc. to continue its activities.

17 Contingent liability

Legal proceedings have been brought against the company for libel. The company strongly refutes the Plaintiff's claims and will vigorously defend the action. At present, there is no quantification of the possible liability, should any arise.

18 Ultimate parent company

The ultimate and immediate parent company is Oxford Analytica International Group Inc., a company registered in the state of Delaware, U.S.A..

Auditors' Report to the Directors of Oxford Analytica Limited under section 248(3) of the Companies Act 1985

We have examined the financial statements of the company and each of its subsidiaries for the period ended 31 December 1995. The scope of our work for the purposes of this report was limited to confirming that the company is entitled to the exemptions conferred by Section 248 from preparing group accounts.

In our opinion, the company is entitled to the exemption from preparing group accounts conferred by Section 248 of the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants & Registered Auditors
London, *20 Sept* 1996