

**Oxford Analytica Limited**  
**Annual report**  
**for the year ended 31 December 1994**

Registered no: 1196703



# **Oxford Analytica Limited**

## **Annual report for the year ended 31 December 1994**

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# **Oxford Analytica Limited**

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## **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 1994**

The directors present their report and the audited financial statements for the year ended 31 December 1994.

**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 £33,531 (31 December 1993 : profit £145,079) will be transferred to reserves.

**Changes in fixed assets**

The movements in fixed assets are set out in notes 9 and 10 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 1994 (continued)****Directors' interests in shares of the company**

The interests of the directors at 31 December 1994 in the shares of the company were as follows:

	<b>Number of ordinary shares 10p each</b>	
	<b>31 December 1994</b>	<b>31 December 1993</b>
D R Young	Nil	Nil
S K Young	Nil	Nil
J W Wood	Nil	Nil
K C Leaman	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.

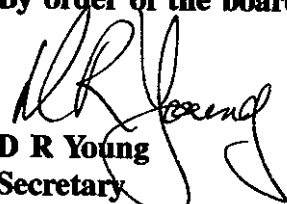
**Directors' report  
for the year ended 31 December 1994 (continued)**

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.

**Auditors**

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

**By order of the board**

A handwritten signature in dark ink, appearing to read 'D R Young', is written over the printed name and title.

**D R Young  
Secretary**

21 January 1996

## **Report of the auditors to the members of Oxford Analytica Limited**

We have audited the financial statements on pages 6 to 17 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.

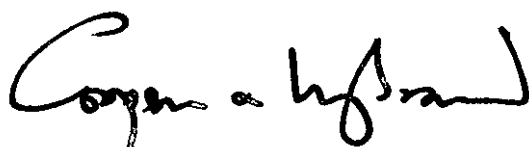
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Fundamental uncertainty**

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the breach of bank covenants over the mortgage loan used to finance the company's main offices. Such breaches of covenant could result in the repossession of the company's main operating premises used to secure the loan facility. In this event the company will need to find new premises, incurring significant relocation costs which have not been provided for in the financial statements. Details of the circumstances relating to this fundamental uncertainty are described in note 18. Our opinion is not qualified in this respect.

**Opinion**

In our opinion the financial statements give a true and fair view of the company's affairs at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Coopers & Lybrand', written in a cursive style.

**Coopers & Lybrand**  
**Chartered Accountants and Registered Auditors**  
London, 31 January 1996



**Profit and loss account  
for the year ended December 1994**

	Notes	Year ended 31 December 1994 £	Year ended 31 December 1993 £
		Continuing Operations	Continuing Operations
<b>Turnover</b>	1,2	<b>366,910</b>	409,201
<b>Cost of sales</b>		<b>(100,801)</b>	(108,135)
<b>Gross profit</b>		<b>266,109</b>	301,066
<b>Administrative expenses</b>		<b>(244,365)</b>	(195,692)
<b>Operating profit</b>		<b>21,744</b>	105,374
<b>(Provision against)/release of provision for deficiency of net assets in Oxford Analytica Daily Brief Limited</b>		<b>(34,356)</b>	42,723
<b>Release of provision for/(provision against) deficiency of net assets in Oxford Analytica Inc</b>		<b>64,923</b>	(2,400)
<b>Interest payable and similar charges</b>	5	<b>(18,780)</b>	(618)
<b>Profit on ordinary activities before taxation</b>	7	<b>33,531</b>	145,079
<b>Taxation</b>	8	<b>-</b>	-
<b>Retained profit for the financial year</b>		<b>33,531</b>	145,079

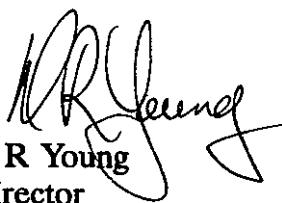
The company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

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

**Balance sheet  
at 31 December 1994**

	Notes	1994 £	1993 £
<b>Fixed assets</b>			
Tangible assets	9	662,224	331,393
Intangible assets	10	-	10,263
		<u>662,224</u>	<u>341,656</u>
<b>Current assets</b>			
Debtors	11	14,882	22,731
Cash at bank and in hand		251	5,668
		<u>15,133</u>	<u>28,399</u>
Creditors: amounts falling due within one year	12	(433,289)	(275,266)
<b>Net current liabilities</b>		<u>(418,156)</u>	<u>(246,867)</u>
Creditors: amounts falling due after more than one year	13	(335,748)	(220,000)
<b>Net liabilities</b>		<u>(91,680)</u>	<u>(125,211)</u>
<b>Capital and reserves</b>			
Called-up share capital	14	100	100
Profit and loss account	16	(91,780)	(125,311)
<b>Equity shareholders' funds</b>		<u>(91,680)</u>	<u>(125,211)</u>

The financial statements on pages 6 to 17 were approved by the board of directors on 31 January 1996 and were signed on its behalf by:

  
D R Young  
Director

**Notes to the financial statements  
for the year ended 31 December 1994**

**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 £8,000 (1993: £Nil).

**Intangible assets**

Development expenditure relating to specific projects intended for commercial exploitation is carried forward. Such expenditure is amortised over the period expected to benefit from the project. Expenditure on pure and applied research is written off as incurred.

**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 not be able to continue trading. At 31 December 1994 Oxford Analytica Inc. has a deficiency of net assets of £1,292,440 (\$2,016,210) (31 December 1993: deficiency, £1,326,591 (\$1,963,355)).

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 1994 £	Year ended 31 December 1993 £
Directors' remuneration	17,980	22,560

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

	Year ended 31 December 1994 £	Year ended 31 December 1993 £
The chairman and highest paid director	15,984	17,193

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 1994 Number	Year ended 31 December 1993 Number
£0 to £5,000	2	2
£5,001 to £10,000	1	1
£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 1994 Number	Year ended 31 December 1993 Number
Management	2	4
Administration	25	21
	<u>27</u>	<u>25</u>
	<u><u>27</u></u>	<u><u>25</u></u>
	Year ended 31 December 1994 £	Year ended 31 December 1993 £
Staff costs (for the above persons):		
Wages and salaries	308,579	342,520
Social security costs	29,555	39,797
	<u>338,134</u>	<u>382,317</u>
	<u><u>338,134</u></u>	<u><u>382,317</u></u>

Included above are costs relating to 10 employees (31 December 1993: 14) who work entirely for Oxford Analytica Daily Brief Limited. The costs of £160,002 (31 December 1993: £266,141) associated with these employees are recharged accordingly.

#### 5 Interest payable and similar charges

	Year ended 31 December 1994 £	Year ended 31 December 1993 £
On bank loans, overdrafts and other loans:		
Repayable within 5 years, not by instalment	7,354	484
Repayable after 5 years	11,426	134
	<u>18,780</u>	<u>618</u>
	<u><u>18,780</u></u>	<u><u>618</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 £110,118 (31 December 1993: £75,762 deficiency). A provision has been set up for this deficiency together with the cost of the investment. Oxford Analytica Daily Brief Limited made a loss for the year to 31 December 1994 of £34,356 (Year to 31 December 1993: profit of £42,723).

**7 Profit on ordinary activities before taxation**

	Year ended 31 December 1994 £	Year ended 31 December 1993 £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets	20,221	14,289
Auditors' remuneration	4,568	4,800
Hire of plant and machinery	8,834	5,640
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
<b>Cost</b>					
At 1 January 1993	292,595	96,054	25,065	12,471	426,185
Additions	243,064	10,879	133,101	5,995	393,039
Disposals	-	(16,591)	-	-	(16,591)
Writedown	(35,659)	-	-	-	(35,659)
<b>At 31 December 1994</b>	<b>500,000</b>	<b>90,342</b>	<b>158,166</b>	<b>18,466</b>	<b>766,974</b>
<b>Accumulated depreciation</b>					
At 1 January 1993	-	50,683	21,575	12,271	84,529
Charge for year	-	7,801	11,221	1,199	20,221
Depreciation on disposals	-	-	-	-	-
<b>At 31 December 1994</b>	<b>-</b>	<b>58,484</b>	<b>32,796</b>	<b>13,470</b>	<b>104,750</b>
<b>Net book value</b>					
<b>31 December 1994</b>	<b>500,000</b>	<b>31,858</b>	<b>125,370</b>	<b>4,996</b>	<b>662,224</b>
<b>Net book value</b>					
<b>31 December 1993</b>	<b>292,595</b>	<b>45,371</b>	<b>3,490</b>	<b>200</b>	<b>341,656</b>

## 10 Intangible fixed assets

	Development costs £
<b>Cost</b>	
At 1 January 1994	10,263
Disposals	(10,263)
<b>At 31 December 1994</b>	<b>-</b>
<b>Depreciation</b>	
At 1 January 1994	-
Charge for year	-
<b>At 31 December 1994</b>	<b>-</b>
<b>Net book value</b>	
<b>At 31 December 1994</b>	<b>-</b>
<b>Net book value</b>	
<b>At 31 December 1993</b>	<b>10,263</b>



During the year the development costs were transferred onto the books of a fellow subsidiary, Oxford Analytica Inc.

## 11 Debtors

	1994 £	1993 £
<b>Amounts falling due within one year</b>		
Amounts owed by group undertakings:		
Oxford Analytica Inc.	70,327	135,250
Provision against Oxford Analytica Inc. deficiency of net assets	(70,327)	(135,250)
Oxford Analytica Daily Brief Limited	110,118	75,762
Provision against Oxford Analytica Daily Brief Limited	(110,118)	(75,762)
Oxford Patents Limited	303	303
Analytica International Group Inc (formerly Analytica Inc)	40	40
Prepayments and accrued income	14,539	22,388
	<u>14,882</u>	<u>22,731</u>

## 12 Creditors: amounts falling due within one year

	1994 £	1993 £
Short term portion of bank loan	23,678	-
Bank overdraft	95,802	11,853
Trade creditors	180,252	154,847
Other taxation and social security payable	39,884	26,801
Accruals and deferred income	93,673	81,765
	<u>433,289</u>	<u>275,266</u>

**13 Creditors: amounts falling due after more than one year**

	1994 £	1993 £
Bank loan	<u>335,748</u>	<u>220,000</u>

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

	£
Between two and five years	200,848
In five years or more	<u>134,900</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.

**14 Called-up share capital**

	1994 £	1993 £
Authorised, allotted, called-up and fully paid 1,000 ordinary shares of 10p each	<u>100</u>	<u>100</u>

**15 Financial commitments**

At 31 December 1994 the company had annual commitments under non-cancellable operating leases as follows:

	1994 £	1993 £
Land and buildings		
Expiring in more than five years	<u>Nil</u>	<u>16,100</u>
Other		
Expiring in less than one year	3,536	6,269
Expiring between two and five years	<u>9,675</u>	<u>7,650</u>

## 16 Reserves

	Profit and loss account £	Equity shareholders' funds £
At 1 January 1994	(125,311)	(125,211)
Profit for the financial year	33,531	15,985
	<u>          </u>	<u>          </u>
At 31 December 1994	<u>(91,780)</u>	<u>(109,226)</u>

## 17 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 £594,551 (\$927,500) and were reflected in the Oxford Analytica Inc. financial statements. The Directors are raising 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. £666,463 (\$1,035,000) has been converted into equity to date. The offer has yet to close.

## 18 Banking facilities

The company remains in breach of certain bank covenants over the mortgage loan extended to it to finance the purchase of the group's main offices. These covenants, however, will be the subject of a forthcoming meeting between the company and its bankers at which the covenants will be reviewed. The directors believe that the covenants will be reset on terms within which the company and group can more reasonably operate.

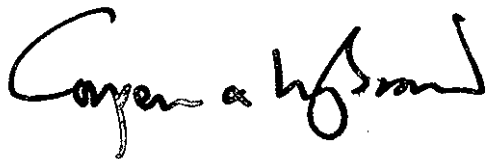
## 19 Ultimate parent company

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 1994. 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.

A handwritten signature in black ink, appearing to read 'Coopers & Lybrand', is written in a cursive style.

**Coopers & Lybrand**  
**Chartered Accountants & Registered Auditors**  
London, 31 January 1996