

OXFORD ANALYTICA LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 1996

OXFORD ANALYTICA LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 1996

Company registration number: 1196703

Registered office: 5 Alfred Street
Oxford
OX1 4EH

Directors: Dr D R Young
Mr J W Wood
Mrs S K Young
Mr K C Leaman

Secretary: Mr E A Backhouse

Auditors: Grant Thornton
Registered auditors
Chartered accountants
1 Westminster Way
Oxford
OX2 0PZ

OXFORD ANALYTICA LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 1996

INDEX

PAGE

Report of the directors	1 - 2
Report of the auditors	3
Principal accounting policies	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 11

OXFORD ANALYTICA LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 December 1996.

Principal activities

The company is principally engaged in the dissemination of information on current affairs.

Business review

There was a profit for the year after taxation amounting to £180,788 (1995: profit £46,402). The directors do not recommend payment of a dividend and the profit has therefore been transferred to reserves.

Directors

The present membership of the Board is set out below. All directors served throughout the year.

None of the directors or their families had interests in the shares of the company during the year ended 31 December 1996. The interests of the directors and their families in the shares of the ultimate parent company, Oxford Analytica International Group Inc., as at 31 December 1996 and 1 January 1996 were as follows:

	Ordinary shares	
	31 December 1996	1 January 1996
Dr D R Young	804,366	804,366
Mr J W Wood	-	-
Mrs S K Young	-	-
Mr K C Leaman	-	-

Fixed assets

The principal items of capital expenditure were additions to computer equipment, computer software and further works to the freehold property.

Directors' responsibilities for the financial statements

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 or 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.

The directors are responsible for maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

OXFORD ANALYTICA LIMITED

REPORT OF THE DIRECTORS

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'E A Backhouse', with a long horizontal flourish extending to the right.

E A Backhouse
Secretary

**REPORT OF THE AUDITORS TO THE MEMBERS OF
OXFORD ANALYTICA LIMITED**

We have audited the financial statements on pages 4 to 11 which have been prepared under the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the 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.

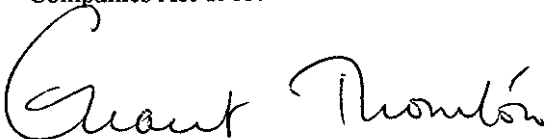
Basis of opinion

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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

OXFORD

30 January 1998

OXFORD ANALYTICA LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

The company is exempt from preparing consolidated financial statements on the grounds that, taken together with its subsidiaries, it qualifies as a small-sized group under section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The principal accounting policies of the company have remained unchanged from the previous period and are set out below.

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.

INCOME FROM INVESTMENTS

Investment income comprises dividends declared during the accounting period and interest receivable on listed and unlisted investments.

DEPRECIATION

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets, other than freehold land and buildings, by equal annual instalments over their expected useful lives. The rates applicable are:

Motor vehicles	20%
Fixtures and fittings	20%
Computer equipment	20%

No depreciation is provided on freehold properties and it is the company's policy to maintain these assets in a continual state of sound repair. The useful economic lives of these assets are thus so long and residual values so high that any depreciation would not be material. residual prices are based on prices prevailing at the date of acquisition or subsequent valuation. Provision is made in the profit and loss account for any permanent diminution in value.

No depreciation is provided on freehold land.

INVESTMENTS

Investments are included at cost/cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

INTANGIBLE FIXED ASSETS

Purchased goodwill is eliminated from the financial statements by immediate write-off on acquisition against reserves.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All other exchange differences are dealt with through the profit and loss account.

OXFORD ANALYTICA LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 1996

	Note	1996 £	1995 £
Turnover	1	369,312	349,536
Cost of sales		(3,987)	(25,942)
Gross profit		365,325	323,594
Administrative expenses		(186,075)	(242,608)
Operating profit		179,250	80,986
Release of provision for deficiency of net assets in Oxford Analytica Daily Brief Limited		63,877	46,241
Provision against deficiency of net assets in Oxford Analytica Inc		(38,523)	(34,565)
Interest payable and similar charges	5	(23,816)	(46,260)
Profit on ordinary activities before taxation	1	180,788	46,402
Tax on profit on ordinary activities		-	-
Profit transferred to reserves		180,788	46,402

There were no recognised gains or losses other than the profit for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

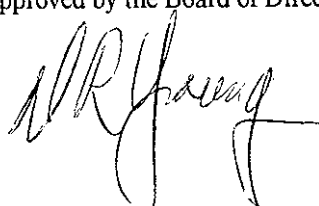
OXFORD ANALYTICA LIMITED

BALANCE SHEET AT 31 DECEMBER 1996

	Note	1996 £	1996 £	1995 £	1995 £
Fixed assets					
Tangible assets	3		681,860		686,307
Investments	4		2		-
Current assets					
Debtors	6	51,979		20,417	
Cash at bank and in hand		211		285	
		<u>52,190</u>		<u>20,702</u>	
Creditors: amounts falling due within one year	7	<u>(523,695)</u>		<u>(386,005)</u>	
Net current liabilities			<u>(471,505)</u>		<u>(365,303)</u>
Total assets less current liabilities			<u>210,357</u>		<u>321,004</u>
Creditors: amounts falling due after more than one year	8		<u>(238,804)</u>		<u>(366,282)</u>
			<u>(28,447)</u>		<u>(45,278)</u>
Capital and reserves					
Called up share capital	9		100		100
Profit and loss account			<u>(28,547)</u>		<u>(45,378)</u>
Shareholders' funds	10		<u>(28,447)</u>		<u>(45,278)</u>

The financial statements were approved by the Board of Directors on

29 January 1998



Director

The accompanying accounting policies and notes form an integral part of these financial statements.

OXFORD ANALYTICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1996

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities is stated after:	1996 £	1995 £
Auditors' remuneration	3,499	3,028
Depreciation and amortisation:		
Tangible fixed assets, owned	57,937	41,704
Hire of plant and machinery	1,931	23,962
Exchange differences on foreign currency borrowings	(60,108)	-

2 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:	1996 £	1995 £
Wages and salaries	90,478	91,026
Social security costs	8,722	-
	<u>99,200</u>	<u>91,026</u>

The company meets further costs of £484,495 (1995:£384,488) in relation to 15 (1995:13) employees who carry out work solely for Oxford Analytica Daily Brief Limited, these costs are re-charged accordingly. These employees are included in the average employee numbers detailed below.

The average number of employees of the company during the year were as follows:

	1996 Number	1995 Number
Administration	33	31
Management	3	3
	<u>36</u>	<u>34</u>

Remuneration in respect of directors was as follows:	1996 £	1995 £
Management remuneration	<u>509</u>	<u>21,259</u>

The emoluments of the directors, excluding pension contributions, were as follows:	1996 £	1995 £
The Chairman	<u>14,680</u>	<u>16,507</u>
The highest paid director	<u>-</u>	<u>-</u>

OXFORD ANALYTICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1996

The emoluments of the directors, excluding pension contributions, fell within the following ranges:

Nil - £5,000	2	2
£5,001 - £10,000	-	-
£10,001 - £15,000	1	1
£15,001 - £20,000	-	1

3 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 January 1996	502,384	18,466	159,525	152,386	832,761
Additions	8,490	-	3,344	41,656	53,490
At 31 December 1996	510,874	18,466	162,869	194,042	886,251
Depreciation					
At 1 January 1996	-	14,669	57,167	74,618	146,454
Provided in the year	-	1,199	31,387	25,351	57,937
At 31 December 1996	-	15,868	88,554	99,969	204,391
Net book amount at 31 December 1996	510,874	2,598	74,315	94,073	681,860
Net book amount at 31 December 1995	502,384	3,797	102,358	77,768	686,307

The figures stated above for cost or valuation include valuations as follows:

	Freehold land and buildings	
	1996 £	1995 £
At cost	10,874	2,384
Valuation at 31 December 1994	500,000	500,000
	510,874	502,384

If the freehold land and buildings had not been revalued, they would have been included on the historical cost basis at the following amount:

	Freehold land and buildings £
Cost	546,533
Net book amount at 31 December 1996	546,533
Net book amount at 31 December 1995	538,043

OXFORD ANALYTICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1996

4 FIXED ASSETS INVESTMENTS

	Shares in group undertaking £
Cost or valuation At 1 January 1996	2
Net book amount at 31 December 1996	2

5 INTEREST PAYABLE AND SIMILAR CHARGES

	1996 £	1995 £
On bank loans, overdrafts and other loans: Repayable within 5 years, otherwise than by instalments	5,887	4,754
Repayable wholly or partly in more than 5 years	17,929	41,506
	<u>23,816</u>	<u>46,260</u>

6 DEBTORS

	1996 £	1995 £
Amounts owed by parent undertaking and fellow subsidiary undertakings	143,759	151,476
Provision against amounts owed by parent undertaking and fellow subsidiary undertakings	(143,416)	(151,133)
Other debtors	51,636	20,074
	<u>51,979</u>	<u>20,417</u>

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £	1995 £
Bank loans and overdrafts	213,826	90,990
Trade creditors	153,621	100,726
Social security and other taxes	71,948	51,598
Other creditors	37,416	-
Accruals and deferred income	46,884	142,691
	<u>523,695</u>	<u>386,005</u>

OXFORD ANALYTICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1996

8 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1996 £	1995 £
Bank loans	<u>238,804</u>	<u>366,282</u>

Bank loans

The bank loans are secured by a legal charge over the property at 5 Alfred Street, Oxford.

Borrowings are repayable as follows:	1996 £	1995 £
Within one year		
Bank and other borrowings	213,826	90,990
After one and within two years		
Bank and other borrowings	36,710	366,282
After two and within five years		
Bank and other borrowings	118,740	-
After five years		
Bank and other borrowings	<u>83,354</u>	<u>-</u>
	<u>452,630</u>	<u>457,272</u>

Borrowings repayable after five years comprise:	1996 £	1995 £
Repayable by instalments		
Bank loans	<u>83,354</u>	<u>-</u>

The total value of borrowings repayable by instalments any part of which falls due after five years is as follows:

	1996 £	1995 £
Bank loans	<u>274,165</u>	<u>366,282</u>

9 SHARE CAPITAL

	1996 £	1995 £
Authorised		
1000 Ordinary shares of 10 pence each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
1000 Ordinary shares of 10 pence each	<u>100</u>	<u>100</u>

OXFORD ANALYTICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1996

10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit for the financial year	180,788	46,402
Goodwill written off to reserves	(163,957)	-
Net increase in shareholders' funds	16,831	46,402
Shareholders' funds at 1 January 1996	(45,278)	(91,680)
Shareholders' funds at 31 December 1996	(28,447)	(45,278)

11 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 1996 or 31 December 1995.

12 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 1996 or 31 December 1995.

13 TRANSFER OF TRADE

On 31 December 1996 the assets and trade of the company's subsidiary undertaking, Oxford Analytica Daily Brief Limited were transferred to the company. The balances transferred and goodwill arising were as follows:

Fair value of net assets	(163,957)
Purchased goodwill written off to reserves	163,957
	-

14 ULTIMATE PARENT UNDERTAKING/CONTROLLING RELATED PARTY

The directors consider that the ultimate parent undertaking of this company is Oxford Analytica International Group Inc incorporated in the state of Delaware, USA.

Dr D R Young, a director of the company, is this company's controlling related party by virtue of his majority shareholding in Oxford Analytica International Group Inc

The largest group of undertakings for which group accounts have been drawn up is that headed by Oxford Analytica International Group Inc incorporated in the state of Delaware, USA.