

OXFORD ANALYTICA LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2000



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Company no 1196703

OXFORD ANALYTICA LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2000

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
Oxford
OX2 0PZ

OXFORD ANALYTICA LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2000

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OXFORD ANALYTICA LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 December 2000.

Principal activities

The company is engaged in providing business and government leaders with timely and authoritative analysis of the significance and implications of world events by drawing on the scholarship of Oxford University and other major universities and institutions throughout the world. This is achieved by undertaking consultancy and research projects on specific events at the request of clients and by selling a daily commentary on significant world events ("Daily Brief").

Business review

There was a profit for the year after taxation amounting to £46,883 (1999: loss £464,832). The directors do not recommend payment of a dividend.

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 2000. 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 2000 and 1 January 2000 were as follows:

	Ordinary shares	
	31 December 2000	1 January 2000
Dr D R Young	804,366	804,366
Mr J W Wood	-	-
Mrs S K Young	-	-
Mr K C Leaman	-	-

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.

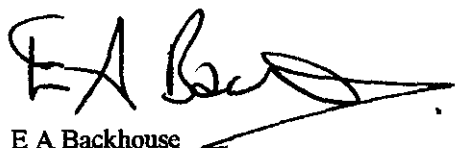
OXFORD ANALYTICA LIMITED

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 stroke extending to the right.

E A Backhouse
Secretary
12 March 2001

**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 in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

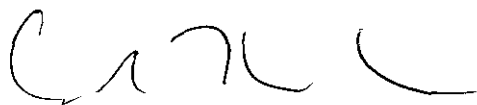
Basis of opinion

We conducted our audit in accordance with United Kingdom 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 2000 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
2 July 2001

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 dependent on the continued support of Oxford Analytica International Group Inc, the ultimate parent undertaking, and Oxford Analytica Inc, a group company. The directors are of the opinion that this support will continue in the foreseeable future and have thus prepared financial statements on the going concern basis.

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

TURNOVER

Turnover represents the receipts from sales of the Daily Brief produced by the company.

TANGIBLE FIXED ASSETS AND 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:

Freehold buildings	2%
Motor vehicles	20%
Fixtures and fittings	20%
Computer equipment	20%

No depreciation is provided on freehold land.

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 2000

	Note	2000 £	1999 £
Turnover	1	2,546,503	1,543,161
Cost of sales		<u>(1,421,772)</u>	<u>(1,157,226)</u>
Gross profit		1,124,731	385,935
Administrative expenses		<u>(1,042,585)</u>	<u>(833,387)</u>
Operating profit/(loss)		82,146	(447,452)
Interest payable and similar charges	2	<u>(35,263)</u>	<u>(17,380)</u>
Profit/(loss) on ordinary activities before taxation	1	46,883	(464,832)
Tax on profit on ordinary activities	3	<u>-</u>	<u>-</u>
Profit/(loss) transferred to reserves	10	<u>46,883</u>	<u>(464,832)</u>

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

OXFORD ANALYTICA LIMITED

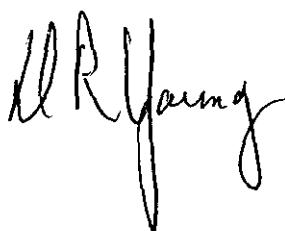
BALANCE SHEET AT 31 DECEMBER 2000

	Note	2000 £	2000 £	1999 £	1999 £
Fixed assets					
Tangible assets	5		709,536		720,768
Current assets					
Debtors	6	72,310		94,238	
Cash at bank and in hand		22,185		15,228	
		94,495		109,466	
Creditors: amounts falling due within one year	7	(498,628)		(576,367)	
Net current liabilities			(404,133)		(466,901)
Total assets less current liabilities			305,403		253,867
Creditors: amounts falling due after more than one year	8		(1,255,944)		(1,251,291)
			(950,541)		(997,424)
Capital and reserves					
Called up share capital	9		100		100
Profit and loss account	10		(950,641)		(997,524)
Shareholders' funds	11		(950,541)		(997,424)

The financial statements were approved by the Board of Directors on 12 March 2001

DR Young

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 2000

1 TURNOVER AND PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit/(loss) on ordinary activities is stated after:	2000 £	1999 £
Auditors' remuneration	8,600	8,600
Depreciation and amortisation:		
Tangible fixed assets, owned	79,985	70,042
Hire of plant and machinery	10,338	11,189

2 INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £	1999 £
On bank loans and overdrafts	35,263	17,380

3 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

Unrelieved tax losses of approximately £1,000,000 remain available to offset against future taxable trading profits.

4 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:	2000 £	1999 £
Wages and salaries	1,141,666	807,594
Social security costs	107,173	87,970
Other pension costs	12,489	11,886
	1,261,328	907,450

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

	2000 Number	1999 Number
Administration	44	36
Management	2	2
	46	38

OXFORD ANALYTICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

Remuneration in respect of directors was as follows:

	2000 £	1999 £
Emoluments	<u>65,386</u>	<u>65,265</u>

TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2000	532,203	12,939	220,992	345,148	1,111,282
Additions	-	-	4,959	64,830	69,789
Disposals	-	-	-	(1,636)	(1,636)
At 31 December 2000	<u>532,203</u>	<u>12,939</u>	<u>225,951</u>	<u>408,342</u>	<u>1,179,435</u>
Depreciation					
At 1 January 2000	-	4,800	180,210	205,504	390,514
Provided in the year	10,644	2,589	12,726	54,026	79,985
Eliminated on disposals	-	-	-	(600)	(600)
At 31 December 2000	<u>10,644</u>	<u>7,389</u>	<u>192,936</u>	<u>258,930</u>	<u>469,899</u>
Net book amount at 31 December 2000	<u>521,559</u>	<u>5,550</u>	<u>33,015</u>	<u>149,412</u>	<u>709,536</u>
Net book amount at 31 December 1999	<u>532,203</u>	<u>8,139</u>	<u>40,782</u>	<u>139,644</u>	<u>720,768</u>

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
Accumulated depreciation	<u>10,644</u>
Net book amount at 31 December 2000	<u>535,889</u>
Net book amount at 31 December 1999	<u>546,533</u>

OXFORD ANALYTICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

DEBTORS

	2000 £	1999 £
Amounts owed by group undertakings	343	400
Other debtors	40,697	50,570
Prepayments and accrued income	31,270	43,268
	<u>72,310</u>	<u>94,238</u>

CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Bank loans and overdrafts	200,200	302,194
Trade creditors	135,329	187,311
Social security and other taxes	43,841	39,023
Other creditors	3,941	-
Accruals and deferred income	115,317	47,839
	<u>498,628</u>	<u>576,367</u>

The bank loans and overdrafts are secured by a legal charge over the freehold property, land owned by two of the directors and life policies of three key employees.

CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000 £	1999 £
Bank loans	367,533	159,166
Amounts owed to group companies	888,411	1,092,125
	<u>1,255,944</u>	<u>1,251,291</u>

The bank loans are secured by a legal charge over the freehold property, land owned by two of the directors and life policies of three key employees.

OXFORD ANALYTICA LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2000

Borrowings are repayable as follows:

	2000 £	1999 £
Within one year		
Bank and other borrowings	200,200	302,194
After one and within two years		
Bank and other borrowings	77,698	59,569
After two and within five years		
Bank and other borrowings	147,335	99,597
After five years		
Bank and other borrowings	142,500	-
	<u>567,733</u>	<u>461,360</u>

Bank and other borrowings repayable after five years comprise:

	2000 £	1999 £
Bank loans	<u>142,500</u>	<u>-</u>

SHARE CAPITAL

	2000 £	1999 £
Authorised		
1,000 Ordinary shares of 10 pence each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
1,000 Ordinary shares of 10 pence each	<u>100</u>	<u>100</u>

RESERVES

	Profit and loss account £
At 1 January 2000	(997,524)
Profit for the year	46,883
At 31 December 2000	<u>(950,641)</u>

OXFORD ANALYTICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit/(loss) for the financial year	46,883	(464,832)
Net increase/(decrease) in shareholders' funds	46,883	(464,832)
Shareholders' funds at 1 January 2000	(997,424)	(532,592)
Shareholders' funds at 31 December 2000	(950,541)	(997,424)

12 CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2000 (1999: £25,007).

13 CONTINGENT ASSETS

There were no contingent assets at 31 December 2000 or 31 December 1999.

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.

15 RELATED PARTY TRANSACTIONS

During the year the company entered into a transaction with Dr D R Young, a director of the company, to rent premises used in the course of business at a rate of £8,000 (1999: £8,000). At the end of the year £6,000 (1999: £6,000) was outstanding.

Oxford Analytica Inc, a group company, has guaranteed the bank borrowings of Oxford Analytica Limited up to a maximum of £300,000 (1999: £300,000).