

A.S.I. (RESEARCH) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1998
Company number: 01553005

FRASER RUSSELL
4 London Wall Buildings
Blomfield Street
LONDON EC2M 5UQ



A.S.I. (RESEARCH) LIMITED

REPORT OF THE DIRECTORS

For the year ended 30th September 1998

The Directors have pleasure in submitting the Annual Report and Financial Statements for the year ended 30th September 1998.

Results

The profit for the year was £19,579 (1997 : £32,096). It is proposed that the profit will be transferred to reserves.

Review of business

The Company's principal activities during the period continued to be the promotion and advancement of economic research and the raising of funds for this purpose.

Directors and their interests

The Directors of the Company during the year were as follows:-

Dr. D.M. Pirie
Dr. E. Butler
Sir Austin Bide
Sir John Greenborough
Sir Robert Clark

Each of the Directors held one ordinary share in the company throughout the period.

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 or loss of the company for that period. In preparing these 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;
- prepare the accounts on the 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

A.S.I. (RESEARCH) LIMITED

REPORT OF THE DIRECTORS

For the year ended 30th September 1998
(Continued)

Fixed assets

Full disclosure of all matters relating to fixed assets is set out in the notes to the financial statements.

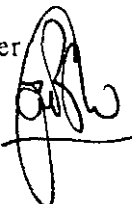
Auditors

In accordance with Section 385 of the Companies Act 1985 a resolution proposing the re-appointment of Fraser Russell, Chartered Accountants and Registered Auditors, as Auditors to the Company will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

Dr E Butler

Secretary



Registered Office:

4 London Wall Buildings
Blomfield Street,
London EC2M 5UQ

Dated:

19 July 1999

REPORT OF THE AUDITORS TO THE MEMBERS OF**A.S.I. (RESEARCH) LIMITED**

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 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 these financial 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.

Fundamental uncertainty


In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements in relation to future financing provided by creditors. The financial statements have been prepared on a going concern basis, the validity of which depends upon future funding by the directors to meet the company's working capital requirements. The financial statements do not include any adjustments that would result from a failure to obtain this funding. Details of the circumstances relating to this fundamental uncertainty are described in note 1(c). Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30th September 1998 and of the its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

4 London Wall Buildings
Blomfield Street
London EC2M 5UQ

Dated: 19 June 1999


FRASER RUSSELL
Chartered Accountants
and Registered Auditors

A.S.I. (RESEARCH) LIMITED**PROFIT AND LOSS ACCOUNT****For the year ended 30th September 1998**

	Notes	<u>1998</u> £	<u>1997</u> £
Turnover	2	248,963	142,426
Cost of Sales		(145,669)	(90,896)
		<hr/>	<hr/>
Gross profit		103,294	51,530
Administrative Expenses		(121,684)	(55,425)
		<hr/>	<hr/>
Other Operating Income		(18,390)	(3,895)
- Donations		37,969	35,991
		<hr/>	<hr/>
Operating profit before taxation	3	19,579	32,096
Taxation		-	-
		<hr/>	<hr/>
Profit for the year		19,579	32,096
Accumulated losses brought forward		(127,360)	(159,456)
		<hr/>	<hr/>
Accumulated losses carried forward		£(107,781)	£(127,360)
		<hr/> <hr/>	<hr/> <hr/>

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains or losses other than those stated above.

The notes on pages 6 to 9 form part of these financial statements.

A.S.I. (RESEARCH) LIMITED

BALANCE SHEET

As at 30th September 1998

	Notes	£	<u>1998</u>	£	£	<u>1997</u>	£
Tangible fixed assets	6			11,034			8,051
Current assets							
Debtors	7	100,697			4,201		
Cash at Bank		36,137			3,684		
			136,834		7,885		
Creditors: Amounts Falling Due Within One Year	8	(255,630)			(143,277)		
Net current liabilities				(118,796)			(135,392)
				£(107,762)			£(127,341)
Financed by:							
Capital and reserves							
Called Up Share Capital	9			19			19
Profit and Loss Account	12			(107,781)			(127,360)
				£(107,762)			£(127,341)

DR. D.M. PIRIE

Madsen Pirie

DR. E. BUTLER

E. Butler) Directors
)
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On behalf of the Board

Dated: 19 July 1999

The notes on pages 6 to 9 form part of these financial statements.

A.S.I. (RESEARCH) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30th September 1998

1. **Accounting policies**

a) **Basis of Financial Statements**

The financial statements are drawn up under the historical cost convention of accounting.

b) **Depreciation**

Depreciation is calculated by reference to the cost of fixed assets using a reducing balance basis, at rates considered appropriate to the expected useful lives of the assets.

The annual rates of depreciation used are:

Computer Equipment	- 33%
Other Equipment, Fixtures, Fittings	- 20%

c) **Going Concern Basis**

The directors believe it is appropriate to prepare the financial statements on a going concern basis as they have agreed not to seek repayment of their loans or outstanding salary to the detriment of other creditors.

2. **Turnover**

Turnover comprises the invoiced value of goods and services provided, net of Value Added Tax.

3. **Operating profit** is stated after charging/(crediting):-

	<u>1998</u>	<u>1997</u>
	£	£
Directors' remuneration	30,000	30,000
Write back of director's remuneration	-	(45,000)
Auditors' remuneration	4,500	3,200
Depreciation	3,370	2,365
	<u> </u>	<u> </u>

4. **Employee information**

a) **Staff Costs**

Salaries	42,197	45,762
Write back of director's remuneration	-	(45,000)
Social Security Costs	4,869	(1,530)
Other Pension Costs	4,800	4,800
	<u> </u>	<u> </u>
	£51,866	£ 4,032
	<u> </u>	<u> </u>

b) **Number of Employees**

The average monthly number of employees (including directors) during the year was three (1997: seven), all engaged in administration.

The company operates a non-contributory contribution scheme for one of its directors. The funds of the scheme are administered by trustees and are held independently of the company. The company's contributions are charged against profits in the year in which they are made.

A.S.I. (RESEARCH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th September 1998
(Continued)

5. Distribution of income

Under the terms of a Deed of Covenant dated 5th May 1981 and a replacement deed dated 9th January 1986, the Company contracted to pay over to the Adam Smith Institute, a registered charity, the whole of its distributable income. Payment is due no later than one month before the end of the accounting period. In view of the accumulated losses sustained, no such payment is due for the period under review.

The Adam Smith Institute was formally wound up on 30th April 1990 and its assets, liabilities and operations transferred to a new Charity, the Adam Smith Research Trust, with whom a similar deed now exists.

6. Tangible fixed assets

	Computer Equipment £	Furniture and Other Office Equipment £	Total £
Cost			
At 1st October 1997	26,616	16,565	43,181
Additions	5,921	432	6,353
	<hr/>	<hr/>	<hr/>
At 30th September 1998	32,537	16,997	49,534
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1st October 1997	22,128	13,002	35,130
Charge in year	2,632	738	3,370
	<hr/>	<hr/>	<hr/>
At 30th September 1998	24,760	13,740	38,500
	<hr/>	<hr/>	<hr/>
Net Book Value			
At 30th September 1998	£ 7,777	£ 3,257	£ 11,034
	<hr/>	<hr/>	<hr/>
At 30th September 1997	£ 4,488	£ 3,563	£ 8,051
	<hr/>	<hr/>	<hr/>

A.S.I. (RESEARCH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th September 1998
(Continued)

7.	Debtors	<u>1998</u> £	<u>1997</u> £
	Trade Debtors	85,000	-
	Prepayments & accrued income	15,697	4,201
		<hr/>	<hr/>
		£ 100,697	£ 4,201
		<hr/>	<hr/>
8.	Creditors: Amounts falling due within one year		
	Trade Creditors	-	3,004
	Adam Smith Research Trust	6,342	15,669
	Taxation and Social Security	20,832	7,579
	Directors' Loans	53,825	55,825
	Directors' Undrawn Salary	75,000	45,000
	Accruals	99,631	16,200
		<hr/>	<hr/>
		£255,630	£143,277
		<hr/>	<hr/>
9.	Share capital		
	<i>Authorised</i>		
	<i>Equity Interests:</i>		
	100 Ordinary Shares of £1 each	£ 100	£ 100
		<hr/>	<hr/>
	<i>Allotted, Called up and fully paid</i>		
	<i>Equity Interests:</i>		
	19 Ordinary Shares of £1 each	£ 19	£ 19
		<hr/>	<hr/>

A.S.I. (RESEARCH) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30th September 1998
(Continued)

10. Lease commitments

Operating lease payments amounting to £14,000 (1997: £14,000) are due within one year. The commitments to make the payments included in this sum expire as follows:

Land and buildings:	<u>1998</u> £	<u>1997</u> £
Between one and two years	14,000	-
Between two and five years	-	14,000
	<hr/>	<hr/>
	£14,000	£14,000
	<hr/>	<hr/>

11. Reconciliation of movements in shareholders funds

	<u>1998</u> £	<u>1997</u> £
Profit for the financial year	19,579	32,096
Shareholders' funds brought forward	(127,341)	(159,437)
	<hr/>	<hr/>
Shareholders' funds carried forward	£(107,762)	£(127,341)
	<hr/>	<hr/>
Equity interests	£(107,762)	£(127,341)
	<hr/>	<hr/>

12. Reserves**Profit and loss account**

	<u>1998</u>	<u>1997</u>
At beginning of year	(127,360)	(159,456)
Transfer from profit and loss account of the year	19,579	32,096
	<hr/>	<hr/>
	£(107,781)	£(127,360)
	<hr/>	<hr/>

A.S.I. (RESEARCH) LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT

For the year ended 30th September 1998

	<u>1998</u>	<u>1997</u>
	£	£
Projects, Publications and Seminars	248,963	142,426
Cost of Sales		
Research and Seminar Expenses	132,043	78,378
Printing Costs	13,626	12,518
	<u>(145,669)</u>	<u>(90,896)</u>
Gross Profit	103,294	51,530
Other sources of income		
Donations	37,969	35,991
	<u>141,263</u>	<u>87,521</u>
Overhead expenses		
Rent and Rates	17,793	17,588
Light and Heat and Other Premises Costs	3,400	631
Repairs and Renewals	3,150	340
Telephone	2,104	1,960
Printing, Postage and Stationery	10,542	11,923
Travel and Entertaining	1,885	763
Medical Insurance	3,809	3,703
Audit and Accountancy	4,500	3,200
Bank Charges and Interest	828	1,622
Loan Interest	683	876
Sundry Expenses	3,011	2,891
Books and Research Materials	4,794	1,253
Professional Fees	-	2,278
Depreciation	3,370	2,365
Directors' remuneration	33,000	33,060
Write back of directors' remuneration	-	(49,590)
Directors' Pension	4,800	4,800
Staff Salaries	20,220	15,762
Donations	2,775	-
Computer Costs	1,020	-
	<u>(121,684)</u>	<u>(55,425)</u>
Profit for year	<u>£ 19,579</u>	<u>£32,096</u>