

REPORT AND ACCOUNTS

IMMINUS LIMITED

31 DECEMBER 1996

Registered Number: 1785381



DIRECTORS

L G Wilkinson
A J Jones
G P Herbert
J P Greenhalgh
H E Smart

SECRETARY

J P Greenhalgh

AUDITORS

Ernst & Young
New Priestgate House
57 Priestgate
Peterborough
PE1 1JX

REGISTERED OFFICE

Ashurst
Southgate Park
Bakewell Road
Orton Southgate
Peterborough
PE2 6YS

DIRECTORS' REPORT

The directors submit their report and the financial statements for the year ended 31 December 1996.

RESULTS AND DIVIDENDS

The profit for the year attributable to shareholders amounts to £1,949,000. A final dividend of £2,000,000 has been paid, leaving a deficit to be deducted from reserves of £51,000.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company sells and markets data telecommunications services and systems.

During the year the company continued to reinforce its market position in the Travel Sector and has also gained a substantial customer base covering the Retail, Distribution and Insurance Sectors. During 1997 the company intends to maintain its share of the travel market and to increase its share of non-travel based markets.

FIXED ASSETS

The changes to fixed assets are set out in notes 9 and 10.

DIRECTORS AND THEIR INTERESTS

The directors of the company who have served during the year are:-

L G Wilkinson	-	Managing Director
A J Jones		
G P Herbert		
J P Greenhalgh		
H E Smart	-	Appointed 2 January 1996

DIRECTORS' REPORT

None of the directors are interested in the share capital of the company. Their interests in the shares of the ultimate parent undertaking, Filegale Limited, are disclosed in its accounts.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts; and
- * 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 accounts 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

Ernst & Young have expressed their willingness to continue in office as auditors.

By order of the Board



J P Greenhalgh
Secretary

12 March 1997

AUDITORS' REPORT

REPORT OF THE AUDITORS

to the members of Imminus Limited.

We have audited the accounts on pages 5 to 19, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 8 to 10.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company 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.



Ernst & Young
Chartered Accountants
Registered Auditor
Peterborough

12 March 1997

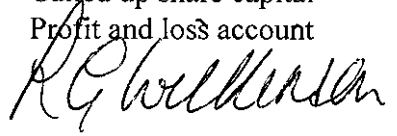
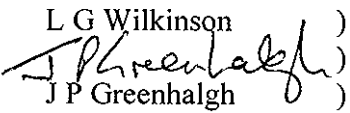
PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1996

	<i>Notes</i>	<i>1996</i> <i>£'000</i>	<i>1995</i> <i>£'000</i>
TURNOVER	2	15,380	13,013
Cost of sales		(8,080)	(6,675)
		<hr/>	<hr/>
Gross profit		7,300	6,338
Administrative costs		(4,462)	(3,828)
		<hr/>	<hr/>
OPERATING PROFIT	3	2,838	2,510
Interest receivable	6	158	175
Interest payable	7	(78)	(98)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,918	2,587
Tax on profit on ordinary activities	8	(969)	(1,078)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,949	1,509
Dividends			
- Final Proposed		-	-
- Interim Paid		(2,000)	(1,500)
		<hr/>	<hr/>
		(51)	9
		<hr/>	<hr/>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £1,949,000 in the year ended 31 December 1996 and of £1,509,000 in the year ended 31 December 1995. A statement of the movements on reserves is given as Note 21 to these accounts.

BALANCE SHEET
 at 31 December 1996

	<i>Notes</i>	<i>1996</i> <i>£'000</i>	<i>1995</i> <i>£'000</i>
FIXED ASSETS			
Tangible assets	9	2,895	2,386
		<u>2,895</u>	<u>2,386</u>
CURRENT ASSETS			
Stocks	11	160	63
Debtors	12	3,698	5,082
Cash at bank and in hand	13	3,530	2,276
		<u>7,388</u>	<u>7,421</u>
CREDITORS: Amounts falling due within one year	15	8,405	7,697
		<u></u>	<u></u>
NET CURRENT LIABILITIES		(1,017)	(276)
		<u></u>	<u></u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,878	2,110
CREDITORS: Amount falling due after more than one year	16	324	505
		<u></u>	<u></u>
		<u>1,554</u>	<u>1,605</u>
CAPITAL AND RESERVES			
Called up share capital	20	1	1
Profit and loss account	21	1,553	1,604
		<u>1,554</u>	<u>1,605</u>
 L G Wilkinson)  J P Greenhalgh) Directors 12 March 1997			

STATEMENT OF CASH FLOWS
for the year ended 31 December 1996

	<i>Notes</i>	<i>1996</i> <i>£'000</i>	<i>1995</i> <i>£'000</i>
NET CASH INFLOW FROM OPERATING ACTIVITIES	3b	5,859	4,971
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		201	160
Interest paid		(73)	(117)
Dividends paid		(2,000)	(3,075)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(1,872)	(3,032)
TAXATION			
Corporation tax paid		(1,064)	(925)
Corporation tax refund		33	-
		(1,031)	(925)
INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets		(1,340)	(703)
Receipts from sales of tangible fixed assets		31	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(1,309)	(703)
NET CASH INFLOW BEFORE FINANCING		1,647	311
FINANCING			
Repayments of capital element of finance lease rentals		393	339
Amounts advanced to parent company		-	1,561
NET CASH OUTFLOW FROM FINANCING		393	1,900
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	13	1,254	(1,589)
		1,647	311

NOTES TO THE ACCOUNTS

at 31 December 1996

1. ACCOUNTING POLICIES

Accounting convention

The accounts are drawn up in accordance with the historical cost convention, and are prepared in accordance with applicable accounting standards.

Basis of consolidation

Group accounts have not been prepared as the company is a wholly owned subsidiary undertaking of Filegale Limited, a company registered in England and Wales, which prepares group accounts in accordance with the EC Seventh Company Law Directive, as provided by section 228 of the Companies Act 1985.

These accounts present information about the company as an individual undertaking and not about its group.

Income recognition

Income from annual fees is recognised evenly over the period to which it relates.

Installation costs

Installation costs are deferred over the period of the contract to which they relate.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life as follows:-

Leasehold property	- over the lease term
Network and communications equipment	- 3 to 5 years or period of contract
Furniture, fittings and equipment	- 2 to 5 years
Motor vehicles	- 2 to 4 years

NOTES TO THE ACCOUNTS

at 31 December 1996

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location, condition and net realisable value. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Leased assets

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

Deferred taxation

Deferred tax is provided on the liability method on all material timing differences except to the extent that tax will not become payable in the future, and calculated at the rate at which it is estimated that the tax will be payable.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable.

NOTES TO THE ACCOUNTS

at 31 December 1996

2. TURNOVER

Turnover is attributable to one continuing activity, the provision of network services. It comprises charges for network usage and fees for connection thereto, exclusive of VAT. All turnover arose in the United Kingdom and Ireland.

3. OPERATING PROFIT

	<i>1996</i>	<i>1995</i>
	<i>£'000</i>	<i>£'000</i>
a) This is stated after charging:		
Auditors' remuneration - audit services	11	10
- other services	24	1
Depreciation on owned fixed assets	744	625
Depreciation of assets held under finance lease	369	347
Operating lease rentals - plant and machinery	155	144
- land and buildings	385	342
- cancellable network circuits	3,487	3,015
b) Reconciliation of operating profit to net cash inflow/(outflow) from operating activities:		
	<i>1996</i>	<i>1995</i>
	<i>£'000</i>	<i>£'000</i>
Operating profit	2,838	2,510
Depreciation	1,113	972
Profit on disposal of fixed assets	(9)	-
Decrease in debtors	1,137	843
(Increase)/Decrease in stocks	(97)	107
Increase in creditors	877	539
Net cash inflow from operating activities	<u>5,859</u>	<u>4,971</u>

NOTES TO THE ACCOUNTS

at 31 December 1996

4. DIRECTORS' REMUNERATION

Emoluments (including pension costs) in respect of duties wholly or mainly discharged in the United Kingdom:

	<i>1996</i> <i>£'000</i>	<i>1995</i> <i>£'000</i>
Fees	-	-
Other emoluments	480	375
	<u>480</u>	<u>375</u>

The emoluments of the chairman and highest paid director were as follows:

Emoluments	125	109
Pension contributions	4	4
	<u>129</u>	<u>113</u>

Number of directors whose emoluments (excluding pension contributions) were within the scale:

	<i>1996</i> <i>No</i>	<i>1995</i> <i>No</i>
£55,001 to £60,000	-	1
£60,001 to £65,000	2	-
£95,001 to £100,000	-	2
£100,001 to £105,000	2	-
£105,001 to £110,000	-	1
£120,001 to £125,000	1	-
	<u>1</u>	<u>-</u>

NOTES TO THE ACCOUNTS

at 31 December 1996

5. STAFF COSTS

	<i>1996</i> <i>£'000</i>	<i>1995</i> <i>£'000</i>
Wages and salaries (including directors' remuneration)	2,299	2,151
Social security costs	233	200
Other pension costs	83	68
	<u>2,615</u>	<u>2,419</u>

	<i>1996</i> <i>No</i>	<i>1995</i> <i>No</i>
The average weekly number of employees during the year was as follows:		
Sales and Marketing	28	26
Operations	37	32
Administration	14	12
	<u>79</u>	<u>70</u>

6. INTEREST RECEIVABLE

	<i>1996</i> <i>£'000</i>	<i>1995</i> <i>£'000</i>
Bank interest received	<u>158</u>	<u>175</u>

7. INTEREST PAYABLE

	<i>1996</i> <i>£'000</i>	<i>1995</i> <i>£'000</i>
Finance charges payable under finance lease	<u>78</u>	<u>98</u>

NOTES TO THE ACCOUNTS

at 31 December 1996

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996 £'000	1995 £'000
Based on the profit for the year:		
UK Corporation Tax at 33% (1995 - 33%)	940	986
Deferred taxation	54	92
	<u>994</u>	<u>1,078</u>
Over provision in respect of previous years:		
Corporation tax	(170)	-
Deferred taxation	145	-
	<u>969</u>	<u>1,078</u>

9. TANGIBLE FIXED ASSETS

	<i>Leasehold improvements £'000</i>	<i>Network assets equipment, furniture and fittings £'000</i>	<i>Motor vehicles £'000</i>	<i>Total £'000</i>
Cost:				
At 1 January 1996	36	7,597	36	7,669
Additions	2	1,513	143	1,658
Disposals	-	(746)	(36)	(782)
	<u>38</u>	<u>8,364</u>	<u>143</u>	<u>8,545</u>
At 31 December 1996	<u>38</u>	<u>8,364</u>	<u>143</u>	<u>8,545</u>
Depreciation:				
At 1 January 1996	5	5,250	28	5,283
Charge for the year	2	1,099	12	1,113
Disposals	-	(714)	(32)	(746)
	<u>7</u>	<u>5,635</u>	<u>8</u>	<u>5,650</u>
At 31 December 1996	<u>7</u>	<u>5,635</u>	<u>8</u>	<u>5,650</u>
Net book value:				
At 31 December 1996	<u>31</u>	<u>2,729</u>	<u>135</u>	<u>2,895</u>
At 31 December 1995	<u>31</u>	<u>2,347</u>	<u>8</u>	<u>2,386</u>

NOTES TO THE ACCOUNTS

at 31 December 1996

The net book value of network assets, equipment, furniture and fittings above includes an amount of £648,569 (1995 - £780,640) in respect of assets held under finance leases.

The net book value of motor vehicles above includes an amount of £67,131 (1995 - £ nil) in respect of assets held under finance leases.

10. INVESTMENTS

	<i>£'000</i>
Cost at 1 January 1996 and 31 December 1996	1
Provision at 1 January 1996 and 31 December 1996	1
Net book value at 1 January 1996 and 31 December 1996	<u>Nil</u>

Details of the investments in which the company holds more than 10% of the nominal value of any class of share capital are as follows:-

<i>Name of Company</i>	<i>Holding</i>	<i>Nature of Business</i>
Fastrak Limited	100%	Dormant
Travel Technology Initiative Limited	11.1%	Communications standards in the travel industry

Both of the above companies are registered in England and Wales. All the holdings are in the form of £1 Ordinary shares.

11. STOCKS

	<i>1996</i>	<i>1995</i>
	<i>£'000</i>	<i>£'000</i>
Equipment for resale	129	63
Work in progress	31	-
	<u>160</u>	<u>63</u>

The difference between the purchase price of stock and its replacement cost is not material.

NOTES TO THE ACCOUNTS

at 31 December 1996

12. DEBTORS

	<i>1996</i> <i>£'000</i>	<i>1995</i> <i>£'000</i>
Trade debtors	1,681	1,105
Amounts owed by parent undertaking	977	2,757
Prepayments and accrued income	1,040	1,021
Deferred taxation (Note 17)	-	199
	<u>3,698</u>	<u>5,082</u>

Deferred taxation is due after more than one year.

13. CASH AND CASH EQUIVALENTS

Analysis of balances as shown in the balance sheet and changes during the current and previous year.

	<i>1996</i> <i>£'000</i>	<i>1995</i> <i>£'000</i>	<i>Change</i> <i>in year</i> <i>£'000</i>
Cash at bank and in hand	<u>3,530</u>	<u>2,276</u>	<u>1,254</u>

	<i>1995</i> <i>£'000</i>	<i>1994</i> <i>£'000</i>	<i>Change</i> <i>in year</i> <i>£'000</i>
Cash at bank and in hand	<u>2,276</u>	<u>3,865</u>	<u>(1,589)</u>

14. MAJOR NON-CASH TRANSACTIONS

There were no major non-cash transactions during the year or during 1995.

NOTES TO THE ACCOUNTS

at 31 December 1996

15. CREDITORS: amounts falling due within one year

	<i>1996</i>	<i>1995</i>
	<i>£'000</i>	<i>£'000</i>
Trade creditors	1,973	1,426
Current corporation tax	433	944
Advance corporation tax	250	-
Other taxes and social security costs	383	485
Accruals and deferred income	4,904	4,472
Obligations under finance leases (Note 16)	462	370
	<u>8,405</u>	<u>7,697</u>

Included in accruals and deferred income is £ nil (1995 - £8,000) relating to outstanding contributions payable to the pension scheme.

16. OBLIGATIONS UNDER FINANCE LEASES

The maturity of these amounts is as follows:

	<i>1996</i>	<i>1995</i>
	<i>£'000</i>	<i>£'000</i>
Amounts payable:		
within one year	503	427
within two to five years	347	534
	<u>850</u>	<u>961</u>
Less: finance charges allocated to future periods	64	86
	<u>786</u>	<u>875</u>

Finance leases are analysed as follows:

	<i>1996</i>	<i>1995</i>
	<i>£'000</i>	<i>£'000</i>
Current obligations	462	370
Non current obligations	324	505
	<u>786</u>	<u>875</u>

NOTES TO THE ACCOUNTS

at 31 December 1996

Analysis of changes in finance leases during the current and previous years:

	<i>1996</i> <i>£'000</i>	<i>1995</i> <i>£'000</i>
At 1 January	875	1,214
Inception of finance lease contracts	304	-
Repayment of capital element of finance lease rentals	(393)	(339)
At 31 December	<u>786</u>	<u>875</u>

17. DEFERRED TAXATION

Deferred taxation provided in the accounts and the amounts not provided are as follows:-

	<i>Provided</i>		<i>Not provided</i>	
	<i>1996</i> <i>£'000</i>	<i>1995</i> <i>£'000</i>	<i>1996</i> <i>£'000</i>	<i>1995</i> <i>£'000</i>
Depreciation in advance of capital allowances	-	-	(136)	(163)
Other timing differences	-	(199)	(107)	(92)
	<u>-</u>	<u>(199)</u>	<u>(243)</u>	<u>(255)</u>

18. CAPITAL COMMITMENTS

	<i>1996</i> <i>£'000</i>	<i>1995</i> <i>£'000</i>
Authorised and contracted	72	552
Authorised and not contracted	<u>321</u>	<u>-</u>

NOTES TO THE ACCOUNTS

at 31 December 1996

19. OTHER FINANCIAL COMMITMENTS

At 31 December 1996 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>		<i>Other</i>	
	<i>1996</i>	<i>1995</i>	<i>1996</i>	<i>1995</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Operating leases which expire:				
within one year	2	3	47	13
within two to five years	59	21	97	131
in over five years	325	320	-	-
	<u>386</u>	<u>344</u>	<u>144</u>	<u>144</u>

The company also has annual commitments under cancellable network circuit leases of approximately £3,600,000 (1995: £3,500,000). These leases expire between one and five years. Early termination of these leases may require payment of a cancellation fee equal to 20% of the outstanding rentals.

20. CALLED UP SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>1996</i>	<i>1995</i>	<i>1996</i>	<i>1995</i>
	<i>No</i>	<i>No</i>	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

21. RECONCILIATION OF SHAREHOLDERS FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital £'000</i>	<i>Profit and loss account £'000</i>	<i>Total £'000</i>
At 1 January 1995	1	1,595	1,596
Profit for the year	-	1,509	1,509
Dividends	-	(1,500)	(1,500)
	<u>1</u>	<u>1,604</u>	<u>1,605</u>
At 31 December 1995	1	1,604	1,605
Profit for the year	-	1,949	1,949
Dividends	-	(2,000)	(2,000)
	<u>1</u>	<u>1,553</u>	<u>1,554</u>
At 31 December 1996	1	1,553	1,554

NOTES TO THE ACCOUNTS

at 31 December 1996

22. PENSION SCHEME

The company operates a defined contribution pension scheme for its employees by contributing into the employees' individual personal pension plans. The assets of these schemes are held separately from those of the company in independently administered funds.

23. RELATED PARTIES

The company's ultimate parent undertaking and controlling party is Filegale Limited, a company registered in England and Wales.

Copies of its group accounts, which include the company, may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff.

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No. 8 and has not disclosed related party transactions with its parent undertaking.