

**TMS INFORMATION SOLUTIONS LIMITED**

Registration Number: 1793902

**REPORT AND FINANCIAL STATEMENTS**

**29 MARCH 1998**

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# **TMS INFORMATION SOLUTIONS LIMITED**

## **DIRECTORS AND OFFICERS**

### **DIRECTORS**

|                  |                              |
|------------------|------------------------------|
| D C Preece       | Chairman and Chief Executive |
| Ms J A Hilder    |                              |
| J M Feeney       |                              |
| P C MccGwire     |                              |
| A P Garvey       | Managing                     |
| G R George       |                              |
| P N Ketteringham |                              |

### **SECRETARY**

D W Armour

### **REGISTERED OFFICE**

Hambledon House  
Catteshall Lane  
Godalming  
Surrey  
GU7 1JJ

Registration Number: 1793902  
Registered in England and Wales

### **AUDITORS**

Grant Thornton  
Chartered Accountants  
5 St. George's Yard  
Castle Street  
Farnham  
Surrey  
GU9 7LW

# **TMS INFORMATION SOLUTIONS LIMITED**

## **DIRECTORS' REPORT**

The Directors submit their report and the financial statements of TMS Information Solutions Limited for the period ended 29 March 1998.

### **PRINCIPAL ACTIVITIES**

The principal activities of the company during the period continued to be that of management consulting, information development, translation and localisation, and resourcing contract and permanent staff.

Intranet and internet related consulting and development has assumed an important role in our business and will increasingly continue to do so in the future.

### **REVIEW OF THE BUSINESS**

Turnover has increased by 16.2% to £7,873,048 during the period and the directors believe this trend will continue. The directors also consider that the company is in a position to take advantage of future opportunities for growth.

### **RESULTS AND DIVIDENDS**

The trading profit for the period after taxation was £337,420. (1997 - £246,628).

The Directors recommend a final dividend on the 'A' ordinary shares of £5.37 per share (amounting to £35,800) and a final dividend on the ordinary shares of £5.37 per share (amounting to £107,400), which leaves a profit of £165,692 to be retained.

### **FUTURE DEVELOPMENTS**

The Directors consider that the ongoing programme of change and consolidation, productive capital expenditure, together with the opportunities being developed, particularly in the IT sector, will further strengthen the company's market position and provide for future growth and profitability.

### **YEAR 2000**

A company-wide programme, designed to address the impact of the Year 2000 on our business has been commissioned by the Board and is under way. Resources have been allocated and the Board receives regular reports on progress.

A significant risk analysis has been performed to determine the impact of the issues on all our activities. From this, prioritised actions plans have been developed which are designed to address the key issues in advance of the critical dates and without disruption to the business.

Given the complexity of the problem, it is not possible for any organisation to guarantee that no Year 2000 problems remain. However the Board believes that it will achieve an acceptable state of readiness.

# TMS INFORMATION SOLUTIONS LIMITED

## DIRECTORS' REPORT continued

### FIXED ASSETS

There were no significant changes in tangible fixed assets during the period. Movements are shown in note 8 to the financial statements.

### DIRECTORS AND THEIR INTERESTS

The following directors have served on the Board thorough out the period:-

|                  |                             |
|------------------|-----------------------------|
| D C Preece       |                             |
| Ms J A Hilder    |                             |
| J M Feeney       |                             |
| P C MccGwire     |                             |
| A P Garvey       |                             |
| N D Williams     | Resigned 16 February 1998   |
| G R George       | Appointed 10 September 1997 |
| P N Ketteringham | Appointed 26 February 1998  |

### DIRECTORS INTERESTS IN SHARES

Directors interests in the shares of the company, including family interests, were as follows

|               | Ordinary shares of £1 each |         |
|---------------|----------------------------|---------|
|               | 29.3.98                    | 31.3.97 |
| D C Preece    | 10,000                     | 10,000  |
| Ms J A Hilder | 10,000                     | 10,000  |

No other directors had any interests in the shares of the company.

# TMS INFORMATION SOLUTIONS LIMITED

## DIRECTORS' REPORT continued

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial period which gives 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.

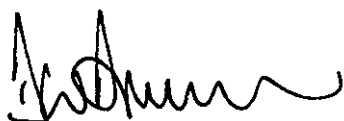
In preparing those accounts, the directors are required to:

- \* select suitable accounting policies and 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 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.

By order of the Board



**Mr. D W Armour**  
Secretary

27 July 1998

# **TMS INFORMATION SOLUTIONS LIMITED**

## **REPORT OF THE AUDITORS TO THE MEMBERS OF TMS INFORMATION SOLUTIONS LIMITED**

We have audited the financial statements on pages 1 to 20 which have been prepared under the accounting policies set out on pages 6 and 7.

### **Respective responsibilities of directors and auditors**

As described on page 4 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.

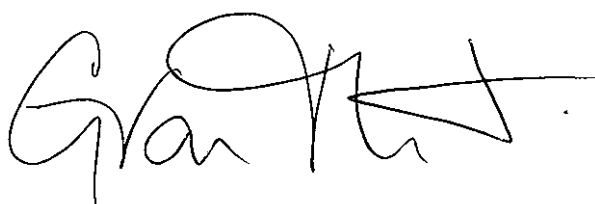
### **Basis of opinion**

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 judgments 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 consider 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 a fair view of the state of the company's affairs as at 29 March 1998 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON**  
REGISTERED AUDITORS & CHARTERED ACCOUNTANTS

27 July 1998

# **TMS INFORMATION SOLUTIONS LIMITED**

## **ACCOUNTING POLICIES**

**Period ended 29 March 1998**

### **Accounting Convention**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The accounting policies remain unchanged from prior years.

### **Turnover**

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT.

### **Fixed Assets**

All fixed assets are initially recorded at cost.

### **Depreciation**

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets over their useful lives. The rates generally applicable are:

|                                |                     |
|--------------------------------|---------------------|
| Leasehold Properties           | over the lease term |
| Computers and Office Equipment | over 3 to 15 years  |
| Motor Vehicles                 | over 4 years        |

### **Stocks and Work in progress**

Work in progress is valued at the lower of cost incurred and net realisable value as follows:

|                  |  |
|------------------|--|
| Work in progress | cost of direct materials and labour plus attributable overheads based on normal levels of activity |
|------------------|--|

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

# **TMS INFORMATION SOLUTIONS LIMITED**

## **ACCOUNTING POLICIES continued**

**Period ended 29 March 1998**

### **Deferred Taxation**

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

### **Foreign Currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheets date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. exchange differences are taken into account in arriving at the operating profit.

### **Leasing and hire purchase commitments**

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their lease term. The interest element of the rental obligations is charged to the profit and loss account over the balance of capital repayments outstanding. All fixed assets are initially recorded at cost.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

### **Pensions**

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



# TMS INFORMATION SOLUTIONS LIMITED

## PROFIT AND LOSS ACCOUNT

Period ended 29 March 1998

|  | Notes | 29.3.98<br>£ | 31.3.97<br>£ |
|--|-------|--------------|--------------|
| TURNOVER   | 1     | 7,873,048    | 6,773,169    |
| Cost of Sales                                    |       | 5,385,884    | 4,529,681    |
| Gross Profit                                     |       | 2,487,164    | 2,243,488    |
| Administrative Expenses                          |       | 2,007,855    | 1,864,040    |
| OPERATING PROFIT                                 | 2     | 479,309      | 379,448      |
| Interest Payable (net)                           | 5     | 24,952       | 38,474       |
| PROFIT ON ORDINARY ACTIVITIES<br>BEFORE TAXATION |       | 454,357      | 340,974      |
| Tax on profit on ordinary activities             | 6     | 116,937      | 94,346       |
| PROFIT ON ORDINARY ACTIVITIES<br>AFTER TAXATION  |       | 337,420      | 246,628      |
| Dividends including non-equity dividends         | 7     | 171,728      | 51,250       |
| PROFIT RETAINED FOR FINANCIAL PERIOD             | 14    | 165,692      | 195,378      |

There were no recognised gains or losses other than the profit or loss for the period. All results for the period relate to continuing operations.

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

# TMS INFORMATION SOLUTIONS LIMITED

## BALANCE SHEET

29 March 1998

|  | Notes | 29.3.98<br>£ | 31.3.97<br>£ |
|--|-------|--------------|--------------|
| FIXED ASSETS                                 | 8     | 495,312      | 319,568      |
| CURRENT ASSETS                               |       |              |              |
| Stock & Work in Progress                     |       | 23,545       | 11,844       |
| Debtors                                      | 9     | 1,810,654    | 1,609,051    |
| Cash at Bank and in Hand                     |       | 162,878      | 70,675       |
|  |       | 1,997,077    | 1,691,570    |
| CURRENT LIABILITIES                          |       |              |              |
| Amounts falling due within one year          | 10    | 1,543,474    | 1,314,065    |
| NET CURRENT ASSETS                           |       | 453,603      | 377,505      |
| TOTAL ASSETS LESS CURRENT LIABILITIES        |       | 948,915      | 697,073      |
| CREDITORS                                    |       |              |              |
| Amounts falling due after more than one year | 11/12 | 172,476      | 86,326       |
|  |       | 776,439      | 610,747      |
| CAPITAL AND RESERVES                         |       |              |              |
| Called up share capital                      | 13    | 276,667      | 276,667      |
| Share premium account                        |       | 137,291      | 137,291      |
| Profit and loss account                      | 14    | 362,481      | 196,789      |
| SHAREHOLDERS FUNDS                           | 15    | 776,439      | 610,747      |
| Equity shareholders funds                    |       | 382,481      | 216,789      |
| Non-equity shareholders funds                |       | 393,958      | 393,958      |
|  |       | 776,439      | 610,747      |

The financial statements approved by the Board of Directors on 27 July 1998  
and signed on its behalf by

  
**D C Preece**  
**Director**

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

# TMS INFORMATION SOLUTIONS LIMITED

## CASH FLOW STATEMENT

Period ended 29 March 1998

|  | Note | 29.3.98<br>£ | 31.3.97<br>£ |
|--|------|--------------|--------------|
| NET CASH INFLOWS FROM OPERATING ACTIVITIES             | 16   | 496,076      | 272,673      |
| RETURNS ON INVESTMENT AND SERVICING OF FINANCE         |      |              |              |
| Interest received                                      |      | 2,077        | -            |
| Interest paid  |      | (9,227)      | (20,800)     |
| Interest element of finance lease rental payments      |      | (17,802)     | (17,674)     |
| Non-equity dividends paid                              |      | (26,250)     | (26,250)     |
|  |      | (51,202)     | (64,724)     |
| TAXATION   |      |              |              |
| Corporation tax paid                                   |      | (94,891)     | (7,168)      |
| CAPITAL EXPENDITURE                                    |      |              |              |
| Payments to acquire tangible fixed assets              |      | (141,818)    | (76,476)     |
| Receipts from sales of tangible fixed assets           |      | 5,200        | 14,450       |
|  |      | (136,618)    | (62,026)     |
| CASH INFLOW BEFORE FINANCING                           |      | 213,365      | 138,755      |
| EQUITY DIVIDENDS PAID                                  |      | (27,278)     | -            |
| FINANCING  |      |              |              |
| Repayments of capital element of finance lease rentals |      | (93,884)     | (73,634)     |
| INCREASE IN CASH                                       |      | 92,203       | 65,121       |

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

# TMS INFORMATION SOLUTIONS LIMITED

## NOTES TO THE ACCOUNTS

Period ended 29 March 1998

### 1 TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties. Turnover is attributable to one continuing activity, that of management consulting, information development, translation and localisation, and resourcing contract and permanent staff.

An analysis of turnover by geographical market is as below:

|                            | 29.3.98<br>£     | 31.3.97<br>£     |
|----------------------------|------------------|------------------|
| United Kingdom             | 6,701,261        | 6,041,502        |
| Outside the United Kingdom | 1,171,787        | 731,667          |
|                            | <u>7,873,048</u> | <u>6,773,169</u> |

### 2 OPERATING PROFIT

This is stated after charging

|   |         |         |
|---|---------|---------|
| Auditors remuneration   | 7,000   | 6,750   |
| Amortisation of leasehold improvements  | 6,120   | 6,120   |
| Depreciation of owned fixed assets  | 100,137 | 115,057 |
| Depreciation of assets held under finance leases<br>and hire purchase contracts | 51,486  | 23,389  |
| Profit on disposal of fixed assets  | 4,849   | 5,443   |
| Operating lease rentals   |         |         |
| plant and machinery   | -       | -       |
| motor vehicles  | 20,886  | 8,445   |
| land and buildings  | 121,350 | 116,350 |
| Foreign exchange losses   | 8,383   | 6,531   |
|   | <u></u> | <u></u> |

# TMS INFORMATION SOLUTIONS LIMITED

## NOTES TO THE ACCOUNTS continued

Period ended 29 March 1998

|   | 29.3.98<br>£   | 31.3.97<br>£   |
|---|----------------|----------------|
| <b>3 DIRECTOR'S EMOLUMENTS</b>                  |                |                |
| Emoluments                                      | 308,513        | 268,868        |
| Contributions to money purchase pension schemes | 11,512         | 7,289          |
|   | <u>320,025</u> | <u>276,157</u> |

The emoluments, including pension contributions, of the chairman, who was also the highest paid director, were £123,101. (1997 - £119,499)

## 4 STAFF COSTS

|                       |                  |                  |
|-----------------------|------------------|------------------|
| Wages and salaries    | 1,382,073        | 1,196,460        |
| Social security costs | 91,135           | 126,763          |
| Other pension costs   | 29,372           | 16,366           |
|                       | <u>1,502,580</u> | <u>1,339,589</u> |

The average weekly number of employees during the period was as follows:

|                       | 29.3.98<br>No. | 31.3.97<br>No. |
|-----------------------|----------------|----------------|
| Administration        | 6              | 6              |
| Marketing             | 4              | 4              |
| Professional Services | 36             | 32             |
|                       | <u>46</u>      | <u>42</u>      |

# TMS INFORMATION SOLUTIONS LIMITED

## NOTES TO THE ACCOUNTS continued

Period ended 29 March 1998

|   | 29.3.98<br>£   | 31.3.97<br>£  |
|---|----------------|---------------|
| <b>5 INTEREST PAYABLE / (RECEIVABLE)</b>                                    |                |               |
| Bank loans and overdrafts   | 4,303          | 16,050        |
| Other loans not wholly repayable within 5 years                             | 4,924          | 4,750         |
| Finance charges payable under finance leases and<br>hire purchase contracts | 17,802         | 17,674        |
|   | <u>27,029</u>  | <u>38,474</u> |
| Bank deposit account  | (2,077)        | -             |
|   | <u>24,952</u>  | <u>38,474</u> |
| <b>6 TAX ON PROFIT ON ORDINARY ACTIVITIES</b>                               |                |               |
| Based on the profit for the period:   |                |               |
| Corporation tax at 31% (1997 - 33%)   | 112,907        | 94,346        |
| Under provision for previous years  | 4,030          | -             |
|   | <u>116,937</u> | <u>94,346</u> |
| <b>7 DIVIDENDS</b>  |                |               |
| Equity dividends  |                |               |
| 'A' Ordinary  |                |               |
| - proposed final dividend of £5.37 per share (1997: £3.75)                  | 35,800         | 25,000        |
| - under provided final dividend re 1996/7                                   | 2,278          | -             |
|   | <u>38,078</u>  | <u>25,000</u> |
| Ordinary  |                |               |
| - proposed final dividend of £5.37 per share                                | 107,400        | -             |
|   | <u>145,478</u> | <u>25,000</u> |
| Non-equity dividends  |                |               |
| Preference dividend of 10.5p per share (1997: 10.5p)                        | 26,250         | 26,250        |
|   | <u>171,728</u> | <u>51,250</u> |

# TMS INFORMATION SOLUTIONS LIMITED

## NOTES TO THE ACCOUNTS continued

Period ended 29 March 1998

### 8 TANGIBLE FIXED ASSETS

|                            | Land and<br>Buildings.<br>Short-<br>Leasehold<br>£ | Computers<br>and<br>Office<br>Equipment<br>£ | Motor<br>Vehicles<br>£ | Total<br>£ |
|----------------------------|--|--|------------------------|------------|
| <b>Cost</b>                |  |  |                        |            |
| At 1 April 1997            | 91,731   | 796,506                                      | 213,108                | 1,101,345  |
| Additions                  | -  | 316,531                                      | 17,307                 | 333,838    |
| Disposals                  | -  | (291,409)                                    | (37,700)               | (329,109)  |
| At 29 March 1998           | 91,731   | 821,628                                      | 192,715                | 1,106,074  |
| <b>Depreciation</b>        |  |  |                        |            |
| At 1 April 1997            | 29,295   | 630,922                                      | 121,560                | 781,777    |
| Provided during the period | 6,120  | 105,236                                      | 46,387                 | 157,743    |
| Disposals                  | -  | (291,409)                                    | (37,349)               | (328,758)  |
| At 29 March 1998           | 35,415   | 444,749                                      | 130,598                | 610,762    |
| <b>Net Book Value</b>      |  |  |                        |            |
| At 29 March 1998           | 56,316   | 376,879                                      | 62,117                 | 495,312    |
| At 31 March 1997           | 62,436   | 165,584                                      | 91,548                 | 319,568    |

Included in the amounts for fixed assets above are the following amounts relating to leased assets and assets acquired under hire purchase:

|                    |                |                |
|--------------------|----------------|----------------|
|                    | <b>29.3.98</b> | <b>31.3.97</b> |
|                    | £              | £              |
| Motor Vehicles     | 33,741         | 85,742         |
| Computer Equipment | 191,978        | 56,976         |

# TMS INFORMATION SOLUTIONS LIMITED

## NOTES TO THE ACCOUNTS continued

Period ended 29 March 1998

|  | 29.3.98<br>£     | 31.3.97<br>£     |
|--|------------------|------------------|
| <b>9 DEBTORS</b>   |                  |                  |
| Trade debtors  | 1,578,824        | 1,448,894        |
| Corporation tax  | 49,182           | 13,247           |
| Other debtors  | 3,528            | 7,768            |
| Prepayments and accrued income                           | 179,120          | 139,142          |
|  | <u>1,810,654</u> | <u>1,609,051</u> |
| <b>10 CREDITORS: amounts falling due within one year</b> |                  |                  |
| Directors current account                                | 19,200           | 160              |
| Obligations under finance leases and hire purchase       | 73,568           | 60,933           |
| Trade creditors  | 691,603          | 683,592          |
| Corporation tax  | 151,988          | 94,007           |
| Other taxes and social security                          | 185,286          | 216,670          |
| Accruals and deferred income                             | 278,629          | 233,703          |
| Proposed dividends                                       | 143,200          | 25,000           |
|  | <u>1,543,474</u> | <u>1,314,065</u> |
| <b>11 LOANS</b>  |                  |                  |
| Medium term loan - 3i Group plc                          | <u>50,000</u>    | <u>50,000</u>    |

The medium term loan of £50,000 is repayable in full on 31 December 2001 and bears interest at a of 9.5% p.a. or 2.5% above LIBOR , if higher. The loan is secured by a fixed and floating charge over all assets, subject to priority being given to Lloyds Bank plc limited to £450,000.



# TMS INFORMATION SOLUTIONS LIMITED

## NOTES TO THE ACCOUNTS continued

Period ended 29 March 1998

|  | 29.3.98<br>£ | 31.3.97<br>£ |
|--|--------------|--------------|
| <b>12 OBLIGATIONS UNDER FINANCE LEASES<br/>AND HIRE PURCHASE CONTRACTS</b> |              |              |
| Amounts falling due after more than one year                               | 122,476      | 36,326       |
| <b>Hire purchase obligations</b>   |              |              |
| Payable within one year  | 40,794       | 39,868       |
| Payable after one year   | 72,278       | 1,057        |
|  | 113,072      | 40,925       |
| Less: Finance charges allocated to future periods                          | 14,922       | 8,984        |
|  | 98,150       | 31,941       |
| <b>Obligations falling due:</b>  |              |              |
| Within one year  | 35,251       | 31,275       |
| Between one and two years  | 34,584       | 666          |
| Between two and five years   | 28,315       | -            |
|  | 98,150       | 31,941       |
| <b>Finance lease obligations</b>   |              |              |
| Payable within one year  | 46,435       | 35,303       |
| Payable after one year   | 73,093       | 42,138       |
|  | 119,528      | 77,441       |
| Less: Finance charges allocated to future periods                          | 21,634       | 12,123       |
|  | 97,894       | 65,318       |
| <b>Obligations falling due:</b>  |              |              |
| Within one year  | 38,317       | 29,658       |
| Between one and two years  | 32,481       | 19,689       |
| Between two and five years   | 27,096       | 15,971       |
|  | 97,894       | 65,318       |

# TMS INFORMATION SOLUTIONS LIMITED

## NOTES TO THE ACCOUNTS continued

Period ended 29 March 1998

| 13 SHARE CAPITAL                                      | 29.3.98<br>£        | 31.3.97<br>£        |
|---|---------------------|---------------------|
| <b>Authorised, allotted, called up and fully paid</b> |                     |                     |
| 20,000 ordinary shares of £1 each                     | 20,000              | 20,000              |
| 6,667 'A' ordinary shares of £1 each                  | 6,667               | 6,667               |
| 250,000 10.5% preference shares                       | 250,000             | 250,000             |
|   | <hr/> 276,667 <hr/> | <hr/> 276,667 <hr/> |

### Preference Shares

The preference shares are non-equity shares which carry an entitlement to a dividend at the rate of 10.5% of the subscription price per annum payable twice yearly. They may be redeemed at £1.00 per share at any time at the option of the company. Holders of these shares have no voting rights.

Preference shareholders have the right on a winding-up to receive, in priority to any other class of shares, the sum of £1.00 per share, together with any arrears of dividend.

### Ordinary Shares

The 'A' ordinary shares carry an entitlement to a participating dividend of 8% of net profit earned in the relevant period. On winding-up the 'A' ordinary shares receive, in priority to the ordinary shares, £1.00 per share and all arrears of dividend.

All ordinary shares have one vote for every share held.

# TMS INFORMATION SOLUTIONS LIMITED

## NOTES TO THE ACCOUNTS continued

Period ended 29 March 1998

|   | 29.3.98<br>£ | 31.3.97<br>£ |
|---|--------------|--------------|
| <b>14 PROFIT AND LOSS ACCOUNT</b>   |              |              |
| Profit & Loss account at 1 April 1997   | 196,789      | 1,411        |
| Retained profit for the period  | 165,692      | 195,378      |
|   | <hr/>        | <hr/>        |
| Profit & Loss account at 29 March 1998  | 362,481      | 196,789      |
|   | <hr/>        | <hr/>        |
| <b>15 RECONCILIATION OF SHAREHOLDERS' FUNDS<br/>AND MOVEMENT ON RESERVES</b>    |              |              |
| Shareholders fund at 1 April 1997   | 610,747      | 415,369      |
| Profit for the period after taxation  | 337,420      | 246,628      |
| Dividend  | (171,728)    | (51,250)     |
|   | <hr/>        | <hr/>        |
| Shareholders fund at 29 March 1998  | 776,439      | 610,747      |
|   | <hr/>        | <hr/>        |
| <b>16 NET CASH INFLOWS FROM OPERATING ACTIVITIES</b>                            |              |              |
| Reconciliation of operating profit to net cash inflow from operating activities |              |              |
| Operating profit  | 479,309      | 379,448      |
| Depreciation  | 157,743      | 144,566      |
| Profit on sale of tangible fixed assets   | (4,850)      | (5,443)      |
| Increase in debtors   | (165,668)    | (555,035)    |
| (Increase)/Decrease in stocks   | (11,701)     | 4,686        |
| Increase in creditors   | 41,243       | 304,451      |
|   | <hr/>        | <hr/>        |
|   | 496,076      | 272,673      |
|   | <hr/>        | <hr/>        |

# TMS INFORMATION SOLUTIONS LIMITED

## NOTES TO THE ACCOUNTS continued

Period ended 29 March 1998

29.3.98      31.3.97  
£              £

### 17 RECONCILIATION OF NET CASH FLOWS TO MOVEMENT IN NET DEBT

|  |           |           |
|--|-----------|-----------|
| Increase in cash in the period               | 92,203    | 59,678    |
| Cash outflow from finance leases             | 93,884    | 73,634    |
|  | <hr/>     | <hr/>     |
| Change in net debt resulting from cash flows | 186,087   | 133,312   |
| Inception of finance leases / hire purchase  | (192,669) | (113,938) |
|  | <hr/>     | <hr/>     |
| Movement in net debt in the period           | (6,582)   | 19,374    |
|  | <hr/>     | <hr/>     |
| Net Debt at 1 April 1997                     | (76,584)  | (95,958)  |
|  | <hr/>     | <hr/>     |
| Net Debt at 29 March 1998                    | (83,166)  | (76,584)  |
|  | <hr/>     | <hr/>     |

### 18 ANALYSIS OF CHANGES IN NET DEBT

|                          | At 1.4.97 | Cash Flow | At 29.3.98 |
|--------------------------|-----------|-----------|------------|
| Cash in hand and at bank | 70,675    | 92,203    | 162,878    |
| Debt                     | (50,000)  | -         | (50,000)   |
| Finance leases           | (97,259)  | (98,785)  | (196,044)  |
|                          | <hr/>     | <hr/>     | <hr/>      |
|                          | (76,584)  | (6,582)   | (83,166)   |
|                          | <hr/>     | <hr/>     | <hr/>      |

### 19 CAPITAL COMMITMENTS

|  | Contracted<br>for | Committed<br>only |
|--|-------------------|-------------------|
| Capital commitments at the period-end were |                   |                   |
| Motor Vehicles                             | -                 | 21,220            |
| Leasehold Improvements                     | 21,287            | 3,368             |
|  | <hr/>             | <hr/>             |

# TMS INFORMATION SOLUTIONS LIMITED

## NOTES TO THE ACCOUNTS continued

Period ended 29 March 1998

### 20 TRANSACTIONS WITH DIRECTORS

No payments were made (1997 - £8,665) to Corporate and Capital Structures, of which Mr. P C McGwire is proprietor, for management services.

### 21 PENSION COMMITMENTS

The company operates a defined contribution pension scheme for its directors and employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 22 CONTINGENT LIABILITIES

There were no contingent liabilities at 1 April 1997 or 29 March 1998.

### 23 LEASE COMMITMENTS

The company has entered into commitments in respect of finance leases commencing after the balance sheet date amounting to £21,220 (1997: £8,880).

Operating lease payments amounting to £141,830 (1997:£126,567) are due within one year. The leases to which these amounts relate expire as follows

|                            | 1998                  |               | 1997                  |               |
|----------------------------|-----------------------|---------------|-----------------------|---------------|
|                            | Land and<br>Buildings | Other         | Land and<br>Buildings | Other         |
|                            | £                     | £             | £                     | £             |
| Within one year            | 18,500                | 23,330        | -                     | 10,217        |
| Between one and two years  | -                     | -             | 18,500                | -             |
| Between two and five years | -                     | -             | -                     | -             |
| In five years or more      | 100,000               | -             | 97,850                | -             |
|                            | <u>118,500</u>        | <u>23,330</u> | <u>116,350</u>        | <u>10,217</u> |