

TMS INFORMATION SOLUTIONS LIMITED
(FORMERLY TMS COMPUTER AUTHORS LIMITED)

REPORT AND FINANCIAL STATEMENTS
31 MARCH 1997

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TMS INFORMATION SOLUTIONS LIMITED

(FORMERLY TMS COMPUTER AUTHORS LIMITED)

DIRECTORS AND OFFICERS

DIRECTORS

D C Preece	Chairman and Chief Executive
Ms J A Hilder	
J M Feeney	
P MccGwire	
A Garvey	
N Williams	

SECRETARY

D W Armour

REGISTERED OFFICE

Hambleton 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

(FORMERLY TMS COMPUTER AUTHORS LIMITED)

DIRECTORS' REPORT

The Directors submit their report and the financial statements of TMS Information Solutions Limited for the year ended 31 March 1997.

PRINCIPAL ACTIVITIES

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

REVIEW OF THE BUSINESS

Turnover has increased by 30% to £6,773,169 during the year and the directors believe that 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 year after taxation was £246,628. (1996 - Loss £38,052).

The Directors recommend a final dividend on the 'A' ordinary shares of £3.75 per share (amounting to £25,000), which leaves a profit of £195,378 to be retained.

FUTURE DEVELOPMENTS

The Directors consider that the ongoing programme of change and consolidation, 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.

FIXED ASSETS

There were no significant changes in tangible fixed assets during the year. Movements are shown in note 9 to the financial statements.

DIRECTORS AND THEIR INTERESTS

The following directors have served on the Board throughout the year:-

D C Preece	Chairman and Chief Executive
Ms J A Hilder	
J M Feeney	
P MccGwire	
A Garvey	
N Williams	

TMS INFORMATION SOLUTIONS LIMITED

(FORMERLY TMS COMPUTER AUTHORS LIMITED)

DIRECTORS' REPORT continued

DIRECTORS INTERESTS IN SHARES

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

	Ordinary shares of £1 each	
	31.3.97	31.3.96
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.

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.

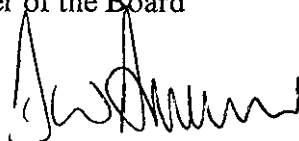
In preparing those financial statements, the directors are required to:

- * 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



D W Armour
Secretary

30 June 1997

TMS INFORMATION SOLUTIONS LIMITED

(FORMERLY TMS COMPUTER AUTHORS LIMITED)

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

We have audited the financial statements on pages 1 to 19 which have been prepared under the accounting policies set out on pages 5 and 6.

Respective responsibilities of directors and auditors

As described on page 3 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.

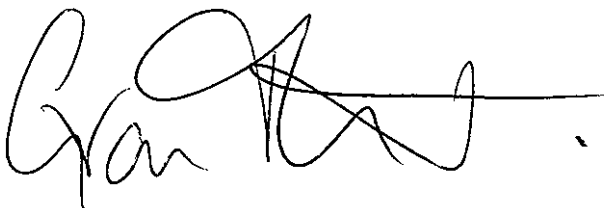
Basis of opinion

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 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 31 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'Grant Thornton', with a long horizontal line extending to the right.

GRANT THORNTON

REGISTERED AUDITORS & CHARTERED ACCOUNTANTS

30 June 1997

TMS INFORMATION SOLUTIONS LIMITED

(FORMERLY TMS COMPUTER AUTHORS LIMITED)

ACCOUNTING POLICIES

Year ended 31 March 1997

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 previous years.

Turnover

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

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

(FORMERLY TMS COMPUTER AUTHORS LIMITED)

ACCOUNTING POLICIES continued

Year ended 31 March 1997

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 sheet 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 useful lives. 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

(FORMERLY TMS COMPUTER AUTHORS LIMITED)

PROFIT AND LOSS ACCOUNT

Year ended 31 March 1997

	Notes	31.3.97 £	31.3.96 £
TURNOVER	1	6,773,169	5,185,601
Cost of Sales		4,529,681	3,480,066
Gross Profit		2,243,488	1,705,535
Administrative expenses		1,864,040	1,689,316
OPERATING PROFIT	2	379,448	16,219
Interest payable	6	38,474	57,007
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		340,974	(40,788)
Tax on profit/(loss) on ordinary activities	7	94,346	(2,736)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		246,628	(38,052)
Dividends	8	51,250	30,720
PROFIT/(LOSS) RETAINED FOR FINANCIAL YEAR	15	195,378	(68,772)

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

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

TMS INFORMATION SOLUTIONS LIMITED

(FORMERLY TMS COMPUTER AUTHORS LIMITED)

BALANCE SHEET

31 March 1997

	Notes	31.3.97 £	31.3.96 £
FIXED ASSETS	9	319,568	327,284
CURRENT ASSETS			
Stock & Work in Progress		11,844	16,530
Debtors	10	1,609,051	1,047,187
Cash at Bank and in hand		70,675	5,554
		1,691,570	1,069,271
CURRENT LIABILITIES			
Amounts falling due within one year	11	1,314,065	892,158
NET CURRENT ASSETS		377,505	177,113
TOTAL ASSETS LESS CURRENT LIABILITIES		697,073	504,397
CREDITORS			
Amounts falling due after more than one year	12/13	86,326	89,028
		610,747	415,369
CAPITAL AND RESERVES			
Called up share capital	14	276,667	276,667
Share premium account		137,291	137,291
Profit and loss account	15	196,789	1,411
SHAREHOLDERS FUNDS	16	610,747	415,369
Equity shareholders funds		223,456	28,078
Non-equity shareholders funds		387,291	387,291
		610,747	415,369

The financial statements were approved by the Board of Directors on 30 June 1997
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

(FORMERLY TMS COMPUTER AUTHORS LIMITED)

CASH FLOW STATEMENT

Year ended 31 March 1997

	Note	31.3.97 £	31.3.96 £
NET CASH FLOWS FROM OPERATING ACTIVITIES	3	272,673	274,617
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest paid		(20,800)	(30,008)
Interest element of finance lease rental payments		(17,674)	(26,999)
Non-equity dividends paid		(26,250)	(37,673)
		(64,724)	(94,680)
TAXATION			
Corporation tax paid		(7,168)	(48,195)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(76,476)	(102,284)
Receipts from sales of tangible fixed assets		14,450	13,481
		(62,026)	(88,803)
FINANCING			
Repayments of capital element of finance lease rentals		(73,634)	(73,220)
INCREASE/(DECREASE) IN CASH		65,121	(30,281)
ANALYSIS OF CHANGES IN NET DEBT			
Cash in hand, at Bank - 1 April 1996		5,554	35,835
- 31 March 1997		70,675	5,554
CASH FLOWS		65,121	(30,281)

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

TMS INFORMATION SOLUTIONS LIMITED

(FORMERLY TMS COMPUTER AUTHORS LIMITED)

NOTES TO THE ACCOUNTS

Year ended 31 March 1997

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:

	31.3.97 £	31.3.96 £
United Kingdom	6,041,502	5,016,447
Outside the United Kingdom	731,667	169,154
	<u>6,773,169</u>	<u>5,185,601</u>

2 OPERATING PROFIT

This is stated after charging

Auditors remuneration	6,750	7,000
Amortisation of leasehold improvements	6,120	6,120
Depreciation of owned fixed assets	115,057	164,894
Depreciation of assets held under finance leases and hire purchase contracts	23,389	5,685
Profit on disposal of fixed assets	(5,443)	(6,785)
Operating lease rentals		
plant and machinery	-	2,665
motor vehicles	8,445	-
land and buildings	116,350	116,350
Foreign exchange losses	6,531	87
	<u> </u>	<u> </u>

TMS INFORMATION SOLUTIONS LIMITED

(FORMERLY TMS COMPUTER AUTHORS LIMITED)

NOTES TO THE ACCOUNTS continued

Year ended 31 March 1997

3 NET CASH FLOWS FROM OPERATING ACTIVITIES

Reconciliation of operating profit to net cash inflow from operating activities

	31.3.97	31.3.96
	£	£
Operating profit	374,005	9,434
Depreciation	144,566	176,699
(Increase)/Decrease in debtors	(555,035)	174,847
Decrease/(Increase) in stocks	4,686	(4,129)
Increase/(Decrease) in creditors	304,451	(82,234)
	<hr/> 272,673	<hr/> 274,617

4 DIRECTOR'S EMOLUMENTS

Fees	246,449	191,747
Other emoluments including pension contributions	9,792	11,892
	<hr/> 256,241	<hr/> 203,639

The emoluments, excluding pension contributions, of the chairman, who was also the highest paid director, were £118,574. (1996 - £78,783).

TMS INFORMATION SOLUTIONS LIMITED

(FORMERLY TMS COMPUTER AUTHORS LIMITED)

NOTES TO THE ACCOUNTS continued

Year ended 31 March 1997

	31.3.97 £	31.3.96 £
5 STAFF COSTS		
Wages and salaries	1,196,460	1,053,813
Social security costs	126,763	107,849
Other pension costs	16,366	12,929
	<u>1,339,589</u>	<u>1,174,591</u>

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

	31.3.97 No.	31.3.96 No.
Administration	6	5
Marketing	4	4
Professional Services	32	35
	<u>42</u>	<u>44</u>

	31.3.97 £	31.3.96 £
6 INTEREST PAYABLE		
Bank loans and overdrafts	16,050	25,245
Other loans not wholly repayable within 5 years	4,750	4,763
Finance charges payable under finance leases and hire purchase contracts	17,674	26,999
	<u>38,474</u>	<u>57,007</u>

TMS INFORMATION SOLUTIONS LIMITED

(FORMERLY TMS COMPUTER AUTHORS LIMITED)

NOTES TO THE ACCOUNTS continued

Year ended 31 March 1997

	31.3.97 £	31.3.96 £
7 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES		
Based on the profit/(loss) for the year:		
Corporation tax at 33% (1996 - 25%)	94,346	3,000
(Over)/under provision for previous years	-	(5,736)
	<hr/> 94,346	<hr/> (2,736)
8 DIVIDENDS		
Equity dividends		
'A' Ordinary	25,000	4,470
- proposed final dividend of £3.75 per share (1996: 67p)		
Non-equity dividends		
Preference dividend of 10.5p per share	26,250	26,250
	<hr/> 51,250	<hr/> 30,720

TMS INFORMATION SOLUTIONS LIMITED

(FORMERLY TMS COMPUTER AUTHORS LIMITED)

NOTES TO THE ACCOUNTS continued

Year ended 31 March 1997

9 TANGIBLE FIXED ASSETS

	Land and Buildings. Short- Leasehold £	Computers and Office Equipment £	Motor Vehicles £	Total £
Cost				
At 1 April 1996	91,731	681,146	243,958	1,016,835
Additions	-	115,360	30,497	145,857
Disposals	-	-	(61,347)	(61,347)
At 31 March 1997	91,731	796,506	213,108	1,101,345
Depreciation				
At 1 April 1996	23,175	540,434	125,942	689,551
Provided during the year	6,120	90,488	47,958	144,566
Disposals	-	-	(52,340)	(52,340)
At 31 March 1997	29,295	630,922	121,560	781,777
Net Book Value				
At 31 March 1997	62,436	165,584	91,548	319,568
At 31 March 1996	68,556	140,712	118,016	327,284

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

	31.3.97	31.3.96
	£	£
Motor Vehicles	85,742	107,371
Computer Equipment	56,976	42,749

TMS INFORMATION SOLUTIONS LIMITED

(FORMERLY TMS COMPUTER AUTHORS LIMITED)

NOTES TO THE ACCOUNTS continued

Year ended 31 March 1997

	31.3.97 £	31.3.96 £
10 DEBTORS		
Trade debtors	1,448,894	929,255
Corporation tax	13,247	6,418
Other debtors	7,768	8,710
Prepayments and accrued income	139,142	102,804
	<u>1,609,051</u>	<u>1,047,187</u>
11 CREDITORS: Amounts falling due within one year		
Directors current account	160	28
Obligations under finance leases and hire purchase	60,933	62,484
Trade creditors	683,592	477,824
Corporation tax	94,007	-
Other taxes and social security	216,670	159,796
Accruals and deferred income	233,703	192,026
Proposed dividends	25,000	-
	<u>1,314,065</u>	<u>892,158</u>
12 LOANS		
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 rate 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

(FORMERLY TMS COMPUTER AUTHORS LIMITED)

NOTES TO THE ACCOUNTS continued

Year ended 31 March 1997

	31.3.97 £	31.3.96 £
13 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS		
Amounts falling due after more than one year	36,326	39,028
Hire purchase obligations		
Payable within one year	39,868	62,555
Payable after one year	1,057	40,927
	40,925	103,482
Less: Finance charges allocated to future periods	8,984	20,197
	31,941	83,285
Obligations falling due:		
Within one year	31,275	51,342
Between one and two years	666	31,277
Between two and five years	-	666
	31,941	83,285
Finance lease obligations		
Payable within one year	35,303	13,787
Payable after one year	42,138	8,690
	77,441	22,477
Less: Finance charges allocated to future periods	12,123	4,250
	65,318	18,227
Obligations falling due:		
Within one year	29,658	11,142
Between one and two years	19,689	7,085
Between two and five years	15,971	-
	65,318	18,227

TMS INFORMATION SOLUTIONS LIMITED

(FORMERLY TMS COMPUTER AUTHORS LIMITED)

NOTES TO THE ACCOUNTS continued
Year ended 31 March 1997

	31.3.97 £	31.3.96 £
14 SHARE CAPITAL		
Authorised, allotted, called up and fully paid		
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/>	<hr/>
	276,667	276,667

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 winding-up to receive, in priority to any other class of share, 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 year. On winding-up the 'A' ordinary shares receive, in priority to the ordinary shares, £1.00 per share and any arrears of dividend.

All ordinary shares have one vote for every share held.

	31.3.97 £	31.3.96 £
15 PROFIT AND LOSS ACCOUNT		
Profit & Loss account at 1 April 1996	1,411	70,183
Retained profit/(loss) for the year	195,378	(68,772)
	<hr/>	<hr/>
Profit & Loss account at 31 March 1997	196,789	1,411

TMS INFORMATION SOLUTIONS LIMITED

(FORMERLY TMS COMPUTER AUTHORS LIMITED)

NOTES TO THE ACCOUNTS continued

Year ended 31 March 1997

	31.3.97 £	31.3.96 £
16 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES		
Shareholders fund at 1 April	415,369	484,141
Profit/(loss) for the year after taxation	246,628	(38,052)
Dividends	(51,250)	(30,720)
Shareholders fund at 31 March	<u>610,747</u>	<u>415,369</u>

17 CAPITAL COMMITMENTS

	Contracted for	Committed only
Capital commitments at the year-end were		
Motor Vehicles	8,880	-
Leasehold Improvements	9,490	-
Other Equipment	-	140,595
	<u> </u>	<u> </u>

18 TRANSACTIONS WITH DIRECTORS

Payments amounting to £8,665 (1996 - £33,976) were made to Corporate Capital Structures, of which Mr. P MccGwire is proprietor, for management services.

19 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.

TMS INFORMATION SOLUTIONS LIMITED

(FORMERLY TMS COMPUTER AUTHORS LIMITED)

NOTES TO THE ACCOUNTS continued

Year ended 31 March 1997

20 CONTINGENT LIABILITIES

There were no contingent liabilities at 1 April 1996 or 31 March 1997.

21 LEASE COMMITMENTS

The company has entered into commitments in respect of finance leases commencing after the balance sheet date amounting to £8,880 (1996: £Nil).

Operating lease payments amounting to £126,567 (1996: £116,350) are due within one year. The leases to which these amounts relate expire as follows

	1997		1996	
	Land and Buildings	Other	Land and Buildings	Other
Between one and five years	18,500	10,217	18,500	-
In five years or more	97,850	-	97,850	-
	<u>116,350</u>	<u>10,217</u>	<u>116,350</u>	<u>-</u>

TMS INFORMATION SOLUTIONS LIMITED

TRADING PROFIT AND LOSS ACCOUNT

Year ended 31 March 1997

	31.3.97 £	31.3.96 £
TURNOVER	6,773,169	5,185,601
Cost of Sales	4,529,681	3,480,066
GROSS PROFIT	2,243,488	1,705,535
ADMINISTRATIVE EXPENSES		
Salaries	572,625	489,597
Employers National Insurance	88,683	69,670
Directors remuneration	246,449	191,747
Other Directors emoluments	2,503	1,983
Pension costs - Directors	7,289	9,909
Pension costs - Employees	9,077	3,020
Recruitment	4,695	45,637
Establishment	174,096	173,145
Insurance	18,360	17,153
Repairs and renewals	10,283	23,603
Telephone	46,107	40,129
Printing, postage and stationery	60,933	76,345
Advertising and exhibition expenses	178,410	151,439
Motor and travelling	120,492	94,370
Entertaining	11,306	4,847
Legal expenses	7,252	12,154
Auditors remuneration	7,750	7,000
Other professional costs	70,840	42,153
Miscellaneous expenses	72,222	52,526
Amortisation of leasehold improvements	6,120	6,120
Depreciation - Owned assets	115,057	164,894
Depreciation - Leased assets	23,389	5,685
Hire of equipment	-	2,665
Bank charges	15,545	10,310
	1,869,483	1,696,101
OPERATING PROFIT	374,005	9,434

This page does not form part of the statutory financial statements.

Continued....

TMS INFORMATION SOLUTIONS LIMITED

TRADING PROFIT AND LOSS ACCOUNT continued Year ended 31 March 1997

	31.3.97 £	31.3.96 £
OPERATING PROFIT	374,005	9,434
OTHER INCOME		
Profit on fixed asset disposal	5,443	6,785
INTEREST PAYABLE		
Bank interest	16,050	25,245
Other loan interest	4,750	4,763
Finance charges	17,674	26,999
	38,474	57,007
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	340,974	(40,788)

This page does not form part of the statutory financial statements.