

Entri Research Limited

Annual Report

Year ended 31 December 1997



Entri Research Limited

Annual Report

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Entri Research Limited

Directors' Report

The directors submit their report and the audited financial statements for the year ended 31 December 1997.

Results

The group trading profit for the year after tax was £158,294.

Principal Activities

The group's principal activities are market research and management consultancy.

Directors

The directors who served during the year and their interests in the shares of the company throughout were as follows:

	Ordinary Shares of £1	
	1996	1997
D W Morgan	2,920	2,920
M A J Kusmidrowicz	2,140	2,140
M J Harvey	1,080	1,080
N S Halsby	1,300	1,300
T R Coates	250	250
A de Bats	250	250
S Cooper	-	-
L C Walker (appointed 1 May 1997)	-	250

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 group and of the profit or loss of the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Entri Research Limited

Directors' Report

Continued

Auditors

A resolution to reappoint the auditors, Francis Clark, Chartered Accountants, will be proposed at the annual general meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By Order of the Board

A handwritten signature in black ink, appearing to read 'J. L. Jones', enclosed within a large, loopy oval shape.

Secretary

Entri Research Limited

Auditors' Report to the Members

We have audited the financial statements on pages 4 to 14.

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 those statements and to report our opinion to you.

Basis of opinion

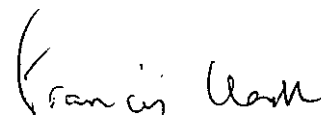
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 affairs of the company and the group as at 31 December 1997 and of the profit of the group for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Francis Clark
Chartered Accountants
NEWTON ABBOT



14 May 1998

Registered Auditors

Entri Research Limited

Consolidated Profit and Loss Account

Year ended 31 December 1997

		1997 £	1996 £
	Notes		
Turnover	2	2,681,311	1,304,468
Cost of sales		2,043,029	966,968
Gross profit		<u>638,282</u>	<u>337,500</u>
Administrative expenses		<u>437,187</u>	<u>224,443</u>
Operating profit		201,095	113,057
Interest receivable		6,361	351
Interest payable		<u>(5,928)</u>	<u>(1,861)</u>
Profit on ordinary activities before taxation	3	201,528	111,547
Taxation on profit on ordinary activities	4	<u>43,234</u>	<u>27,500</u>
Profit for the financial year	10	<u><u>£158,294</u></u>	<u><u>£84,047</u></u>

Movements on Reserves are set out in note 10 on page 12.

The group has no recognised gains or losses other than the profit for the year.

The group's results derive from continuing activities.

Entri Research Limited

Consolidated Balance Sheet

31 December 1997

		1997 £	1996 £
	Notes		
Fixed assets			
Tangible assets	5	151,682	87,004
Investments	6	3,500	3,500
		<u>155,182</u>	<u>90,504</u>
Current assets			
Work in progress		7,479	27,059
Debtors	7	464,250	423,982
Cash at bank and in hand		120,885	927
		<u>592,614</u>	<u>451,968</u>
Creditors - Amounts falling due within one year	8	<u>437,360</u>	<u>395,482</u>
Net current assets		<u>155,254</u>	<u>56,486</u>
Total assets less current liabilities		<u>310,436</u>	<u>146,990</u>
Creditors - Amounts falling due after more than one year	8	<u>21,393</u>	<u>16,241</u>
		<u><u>£289,043</u></u>	<u><u>£130,749</u></u>
Capital and reserves			
Called up share capital	9	9,760	9,760
Share premium account	10	4,852	4,852
Profit and loss account	10	274,431	116,137
Shareholders' funds	10	<u><u>£289,043</u></u>	<u><u>£130,749</u></u>

The consolidated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small groups.

Approved by the board on 13 May 1998 and signed on its behalf by



Director

Entri Research Limited

Company Balance Sheet

31 December 1997

		1997 £	1996 £
	Notes		
Fixed assets			
Tangible assets	5	84,497	73,297
Investments	6	3,600	3,600
		<u>88,097</u>	<u>76,897</u>
Current assets			
Work in progress		5,588	9,489
Debtors	7	208,924	215,467
Cash at bank and in hand		20,704	-
		<u>235,216</u>	<u>224,956</u>
Creditors - Amounts falling due within one year	8	135,835	183,922
Net current assets		<u>99,381</u>	<u>41,034</u>
Total assets less current liabilities		<u>187,478</u>	<u>117,931</u>
Creditors - Amounts falling due after more than one year	8	10,526	16,241
		<u>£176,952</u>	<u>£101,690</u>
Capital and reserves			
Called up share capital	9	9,760	9,760
Share premium account	10	4,852	4,852
Profit and loss account	10	162,340	87,078
Shareholders' funds	10	<u>£176,952</u>	<u>£101,690</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board on 13 May 1998 and signed on its behalf by



Director

Entri Research Limited

Notes and Accounting Policies

Year ended 31 December 1997

1 Accounting Policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

(a) Comparatives

The 1996 comparatives relate to an eight month accounting period to 31 December 1996.

(b) Basis of consolidation

The group accounts consolidate the accounts of Entri Research Limited and its subsidiary undertaking drawn up to 31 December each year. No profit and loss account is presented for Entri Research Limited as permitted by section 230 of the Companies Act 1985.

(c) Turnover

Turnover comprises the invoice value of market research and consultancy, excluding value added tax.

(d) Tangible fixed assets and depreciation

Tangible assets are depreciated over their estimated useful lives at the following rates:

Office equipment	15% reducing balance/25% straight line
Motor vehicles	25% straight line

(e) Tangible assets acquired under hire purchase contracts

The cost of tangible assets acquired under hire purchase contracts are shown as fixed assets and depreciated in the normal manner as described in (d) above. The corresponding liability is recorded as a capitalised hire purchase obligation and the finance charge element included in the repayments is charged against profits over the hire period.

(f) Leased assets

The costs of operating leases are charged to the profit and loss account as they accrue.

Entri Research Limited

Notes and Accounting Policies

Year ended 31 December 1997

1 Accounting Policies continued

(g) Work in progress

Work in progress is stated at the lower of cost and net realisable value, cost being the invoiced cost of goods and services supplied by outside parties, plus attributable direct labour costs, for jobs in production.

Net realisable value is based on estimated invoice value less further costs expected to be incurred to completion.

Attributable profit on jobs in progress at the year end is calculated based on the level of completion. Provision is made for any foreseeable losses.

(h) Deferred taxation

Provision is made for deferred tax, using the liability method to the extent that it is probable that a liability will crystallise in the foreseeable future.

(i) Pension scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents the company's contribution to the scheme.

(j) Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Differences arising on translation and on conversion of ordinary foreign currency transactions during the year are dealt with as part of the profit on ordinary activities.

2 Turnover

Of the group's turnover 1% (1996 - 8%) related to non UK markets.

Entri Research Limited

Notes and Accounting Policies

Year ended 31 December 1997

3 Profit on Ordinary Activities Before Taxation

	1997 £	1996 £
The profit on ordinary activities before taxation is after charging (crediting):		
Directors' emoluments	336,905	162,523
Auditors' remuneration	5,500	4,500
Pension costs	44,308	15,390
Depreciation written off tangible fixed assets		
- owned assets	22,656	15,662
- held under hire purchase agreements	19,441	6,559
Profit on disposal of tangible fixed assets	(3,365)	(2,822)
Hire of plant and machinery	9,981	13,288
Other operating lease rentals	19,200	12,800
Hire purchase finance charges	4,117	933

Money purchase pension benefits are accruing to four directors of the group.

4 Taxation

The taxation charge based on the results for the year is made up as follows:

UK Corporation tax	<u>£43,234</u>	<u>£27,500</u>
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Entri Research Limited

Notes and Accounting Policies

Year ended 31 December 1997

5 Fixed Assets - Tangible

Group	Office equipment £	Motor vehicles £	Total £
Cost			
At 1 January 1997	87,412	61,250	148,662
Additions	53,197	59,063	112,260
Disposals	(5,101)	(8,500)	(13,601)
At 31 December 1997	135,508	111,813	247,321
Depreciation			
At 1 January 1997	47,993	13,665	61,658
Charge for the year	21,740	20,357	42,097
Eliminated on disposal	(1,700)	(6,416)	(8,116)
At 31 December 1997	68,033	27,606	95,639
Net book amounts			
At 31 December 1996	£39,419	£47,585	£87,004
31 December 1997	£67,475	£84,207	£151,682

Included in the above amounts are assets held under hire purchase agreements with a net book value of £84,207 (1996 - £47,085).

Company

Cost			
At 1 January 1997	70,552	61,250	131,802
Additions	17,312	29,100	46,412
Disposals	(5,101)	(8,500)	(13,601)
At 31 December 1997	82,763	81,850	164,613
Depreciation			
At 1 January 1997	44,840	13,665	58,505
Charge for the year	12,491	17,236	29,727
Eliminated on disposal	(1,700)	(6,416)	(8,116)
At 31 December 1997	55,631	24,485	80,116
Net book amounts			
At 31 December 1996	£25,712	£47,585	£73,297
At 31 December 1997	£27,132	£57,365	£84,497

Entri Research Limited

Notes and Accounting Policies

Year ended 31 December 1997

6	Fixed Assets - Investments	Group £	Company £
	Unlisted subsidiary undertaking at cost		
	As at 31 December 1996 and 31 December 1997	-	100
	Other unlisted investments at cost		
	As at 31 December 1996 and 31 December 1997	3,500	3,500
		<u>£3,500</u>	<u>£3,600</u>

The unlisted subsidiary undertaking is Bray Leino Training for Change Limited whose principal activity is that of management consultants. The parent company owns 100% of the subsidiary's ordinary shares. The consolidated accounts include the results of the subsidiary.

7	Debtors	Group		Company	
		1997 £	1996 £	1997 £	1996 £
	Due within one year:				
	Trade debtors	372,386	403,782	110,066	186,591
	Amount owed by group undertaking	-	-	48,509	18,458
	Amount owed by related undertaking	-	891	38,300	891
	Directors' current account (note 11)	6,945	12,964	6,247	7,201
	Tax recoverable	1,800	1,682	1,800	1,682
	Other	32,504	693	4,002	644
	Prepayments and accrued income	615	3,970	-	-
		<u>414,250</u>	<u>423,982</u>	<u>208,924</u>	<u>215,467</u>
	Due after more than one year:				
	Amount due from related undertaking	50,000	-	-	-
		<u>£464,250</u>	<u>£423,982</u>	<u>£208,924</u>	<u>£215,467</u>

Entri Research Limited

Notes and Accounting Policies

Year ended 31 December 1997

8 Creditors

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Amounts falling due within one year:				
Bank overdraft	-	47,068	-	5,681
Trade creditors	125,113	123,530	21,921	41,247
Corporation tax payable	43,400	37,692	21,700	21,692
Other taxation and social security	62,365	31,322	32,417	23,540
Amounts due to related undertakings	33,473	45,820	5,510	10,012
Hire purchase instalments	38,622	21,877	26,767	21,877
Other	134,387	88,173	27,520	59,873
	<u>£437,360</u>	<u>£395,482</u>	<u>£135,835</u>	<u>£183,922</u>
Amounts falling due after more than one year:				
Hire purchase instalments	<u>£21,393</u>	<u>£16,241</u>	<u>£10,526</u>	<u>£16,241</u>

Security has been given by the group in respect of £60,015 (1996 - £85,186) of the above creditors.

All hire purchase instalments are payable within five years.

9 Share Capital

There was no change in share capital during the year.

	Authorised	Allotted and fully paid
Ordinary shares of £1 each	<u>£20,000</u>	<u>£9,760</u>

10 Movement in Shareholders' Funds

Group	Share capital £	Share premium account £	Profit and loss account £	1997 £	1996 £
At 1 January 1997	9,760	4,852	116,137	130,749	46,677
Shares issued	-	-	-	-	25
Retained profit	-	-	158,294	158,294	84,047
At 31 December 1997	<u>£9,760</u>	<u>£4,852</u>	<u>£274,431</u>	<u>£289,043</u>	<u>£130,749</u>

Entri Research Limited

Notes and Accounting Policies

Year ended 31 December 1997

10 Movement in Shareholders' Funds continued

Company	Share capital £	Share premium account £	Profit and loss account £	1997 £	1996 £
At 1 January 1997	9,760	4,852	87,078	101,690	68,068
Shares issued	-	-	-	-	25
Retained profit	-	-	75,262	75,262	33,597
At 31 December 1997	<u>£9,760</u>	<u>£4,852</u>	<u>£162,340</u>	<u>£176,952</u>	<u>£101,690</u>

11 Related Party Transactions

During the year the following transactions occurred:

- (a) The group traded on normal commercial terms with related undertakings in which certain directors have an interest as follows:

	Bray Leino Limited £	Blue Sky (UK) Limited £	DDD Limited £
Sales	171,000	2,008	16,450
Purchases	125,000	81,660	-
Creditor as at 31 December 1997	<u>24,696</u>	<u>8,777</u>	<u>-</u>

- (b) The group made a loan of £50,000, repayable after more than one year, to Blue Sky (UK) Limited.
- (c) The group rented its premises from Blue Sky (UK) Limited for a commercial rent of £19,200.
- (d) The following amounts were paid to shareholders for services rendered to the company:

	£
S R James	12,000
J E Colom-Moreno	<u>12,000</u>

- (e) The construction of new offices commenced on property partly owned by Mrs D W Morgan and Mrs M A J Kusmidrowicz. Initially the costs were to be incurred by the group. It has now been decided that the landlords will pay and the rent will be increased accordingly. Debtors include £28,502 being the costs incurred to date.

Entri Research Limited

Notes and Accounting Policies

Year ended 31 December 1997

11 Related Party Transactions continued

(f) The following amounts were due by directors to the group during the year.

	At 31 December 1996 £	Maximum during the year £	At 31 December 1997 £
M Harvey	7,201	7,201	6,197
A de Bats	5,763	5,763	698

The company has not charged interest on amount due.

12 Ultimate Controlling Party

The company is under the effective control of its directors.