

A/14462

ICSTIS LIMITED
(Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2001

Company Number: 2398515

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Directors

Sir P North CBE, QC
Sir J B Bailey KCB
Baroness Gould of Potternewton
K Markus
J Simpson
M Symes
S Armson
E Stallibrass

Company Secretary

M A Fahy

Registered Office

4th Floor
Clove Building
4 Maguire Street
London SE1 2NQ

Bankers

HSBC
20 Eastcheap
London EC3M 1ED

Auditors

Littlejohn Frazer
Chartered Accountants
and Registered Auditors
1 Park Place
Canary Wharf
London E14 4HJ

Solicitors

Bates, Wells & Braithwaite
Cheapside House
138 Cheapside
London EC2V 6BB

The Directors have pleasure in presenting their Report together with the Financial Statements for the year ended 31 December 2001.

Results

The Company is non-profit making.

Review of the Business

The principal activity of the Company during the year was to provide administrative support to the Independent Committee for the Supervision of Standards of Telephone Information Services (ICSTIS) which supervises the code of practice relating to premium rate telephone services. The Company is funded by Network Operators. The accounting policy adopted for the recognition of income received is described in the Notes to the Financial Statements.

During the year, the Company also received income from administrative charges levied on service providers found to be in breach of the code, to recover the costs associated with handling the relevant complaint, from fines imposed on service providers found to be in breach of the code and from the Live Conversation Services Compensation Fund on the basis that all agreed costs incurred by the Company will be reimbursed.

Future Developments

The Company continues to operate in the above capacities in 2002.

Directors

The Directors, who served during the year, all of whom are members of the ICSTIS Committee are as follows:

Sir P North CBE, QC	
Sir J B Bailey KCB	
V G Howarth OBE	(resigned 31 May 2001)
K Markus	
C B Milne	(resigned 30 April 2001)
J Simpson	
Baroness Gould of Potternewton	
A Millard	(resigned 25 April 2002)
M Symes	
S Armson	(appointed 1 May 2001)
E Stallibrass	(appointed 1 May 2001)

Each current Director has undertaken to guarantee the liabilities of ICSTIS Limited to the extent of £1.

Auditors

A resolution proposing the reappointment of Littlejohn Frazer as the Company's auditors will be put to the Annual General Meeting.

Registered Office

The registered office was changed to 4th Floor, Clove Building, 4 Maguire Street, London SE1 2NQ on 5th March 2001.

By Order of the Board

M A Fahy

Secretary

25 April 2002



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 year. In preparing those Financial Statements the Directors are required to:

- select suitable Accounting Policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- *prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.*

The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, have been used in the preparation of the Financial Statements and that applicable Accounting Standards have been followed.

Independent Auditors' report to the shareholders of ICSTIS Limited

We have audited the Financial Statements of ICSTIS Limited for the year ended 31 December 2001 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These Financial Statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the Financial Statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

Basis of Opinion

We conducted our audit in accordance with United Kingdom 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 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 the Company's affairs as at 31 December 2001 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Littlejohn Frazer

Chartered Accountants
and Registered Auditors

1 Park Place
Canary Wharf
London E14 4HJ

25 April 2002

	Note	2001	2000
Turnover		2,015,506	1,604,779
Administrative expenses		2,032,635	1,618,863
		<hr/>	<hr/>
Operating Loss	2	(17,129)	(14,084)
Interest receivable	5	20,483	16,826
		<hr/>	<hr/>
Profit on Ordinary Activities before Taxation		3,354	2,742
Tax on profit on ordinary activities		(3,354)	(2,742)
		<hr/>	<hr/>
Profit on Ordinary Activities after Taxation		-	-
Revenue Reserve brought forward		-	-
		<hr/>	<hr/>
Revenue Reserve carried forward		£ -	£ -
		<hr/>	<hr/>

All turnover is derived from continued operations.

The Company had no recognized gains or losses other than the result on ordinary activities after taxation stated above.

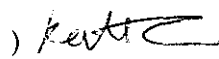
There is no material difference between the reported result for 2001 and 2000 and the result for those years as restated on an historical cost basis.

The Accounting Policies and Notes on pages 8 to 11 form part of these Financial Statements.

	Note	2001	2000
Tangible Fixed Assets	6	79,605	94,444
Current Assets			
Debtors	7	262,488	502,942
Cash at bank and in hand		832,292	511,075
		<u>1,094,780</u>	<u>1,014,017</u>
Creditors: due within one year	8	1,174,385	(1,108,461)
Net Current Liabilities		<u>(79,605)</u>	<u>(94,444)</u>
Total Assets less Current Liabilities		<u>£ -</u>	<u>£ -</u>

Approved by the Board on 25 April 2002

K Markus

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)
) Directors

Baroness Gould of Potternewton

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The Accounting Policies and Notes on pages 8 to 11 form part of these Financial Statements.

Accounting Policies

Basis of Accounting

The Financial Statements are prepared under the historical cost basis of accounting and comply with applicable Accounting Standards.

Turnover

Turnover represents amounts invoiced to third parties excluding VAT, as adjusted for "income received in advance" as described below.

Recognition of Income

Income received in respect of services provided to the Live Conversation Services Compensation Fund is on the basis of costs incurred so that ICSTIS Limited will recover full costs with no profit.

Income received from the Network Operators is on the basis of a levy on the amounts paid by them to service providers during the year. The levy is set at the beginning of each year, based on budgeted expenditure so as to reimburse ICSTIS Limited for costs incurred.

An adjustment is made at the year-end to reflect any difference between the income received and costs incurred during the year and the resulting balance is reflected in trade debtors or income received in advance, as appropriate.

Where a difference does arise between the level of income received from Network Operators and the costs incurred by ICSTIS Limited in any year, this is taken into account in setting the levy for the ensuing year so as to ensure that ICSTIS Limited continues to recover its costs.

Income received from administrative charges levied is on the basis of invoices issued in the year.

Income received from fines is on the basis of fines received during the year.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates to write off the cost or valuation of each asset, less any estimated residual value, evenly over its expected useful life. The expected useful lives of the principal categories are:

Fixtures and fittings	- 5 years
Office equipment	- 5 years
Computer equipment	- 3 - 5 years

Pension Contributions

The Company operates a defined contribution pension scheme for some of its employees. The funds of the scheme are administered by Trustees and are separate from the Company. Contributions are paid by the Company and employees. The pension charge represents contributions payable by the Company for the year. The Company's liability is limited to the amounts of the contribution.

Leasing Commitments

Rentals paid under operating leases are charged to the Profit and Loss Account as incurred.

1. Turnover and Pre-tax Profit

All of the turnover arose within the United Kingdom and was attributable to the following activities:

	2001	2000
Levy on premium rate telephone services	1,834,123	1,451,641
Administration of the live conversation services compensation fund	10,211	780
Administrative charges	28,366	40,358
Fines	142,429	112,000
Other	377	-
	<hr/>	<hr/>
	£2,015,506	£1,604,779
	<hr/>	<hr/>

2. Operating Loss

This loss (which is covered by interest receivable) is stated after charging:

Directors' remuneration	£ 170,367	£ 169,783
Auditors' remuneration	£ 3,250	£ 3,000
Depreciation	£ 53,546	£ 47,571
Operating leases	£ 139,933	£ 67,628
	<hr/>	<hr/>

3. Staff Costs (including Directors)

Wages and salaries	945,518	840,628
Social security costs	77,715	73,036
Pension contributions	42,775	38,111
	<hr/>	<hr/>
	£1,066,008	951,775
	<hr/>	<hr/>

Average number of employees during the year

	No.	No.
Committee	9	9
Secretariat	33	31
Appeals body	5	-
Adjudicator	1	-
	<hr/>	<hr/>
	48	40
	<hr/>	<hr/>

4. Directors' Remuneration

Aggregate emoluments	163,767	163,183
Company pension contributions	6,600	6,600
	<hr/>	<hr/>
	£170,367	£169,783
	<hr/>	<hr/>

5. Interest Receivable			2001	2000
Bank interest			£20,483	£16,826
			<u> </u>	<u> </u>
6. Tangible Fixed Assets	Fixtures & fittings	Office equipment	Computer equipment	Total
Cost				
At 1 January 2001	24,437	102,936	140,736	268,109
Additions	-	16,468	22,239	38,707
Disposals	21,837	6,339	35,536	63,712
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2001	2,600	113,065	127,439	243,104
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Accumulated Depreciation				
At 1 January 2000	23,917	48,586	101,162	173,665
Charge for the year	520	23,729	29,297	53,546
Disposals	21,837	6,339	35,536	63,712
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2001	2,600	65,976	94,923	163,499
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Book Value				
At 31 December 2001	-	47,089	32,516	79,605
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2000	£520	£54,350	£39,574	£94,444
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
7. Debtors			2001	2000
Trade debtors			191,295	445,091
Other debtors and prepayments			71,193	57,851
			<u> </u>	<u> </u>
			£262,488	£502,942
			<u> </u>	<u> </u>
8. Creditors: amounts falling due within one year				
Trade creditors			416,629	482,997
Accruals			102,095	77,826
Other tax and social security costs			52,716	35,323
Income received in advance			248,742	163,180
Working capital funding			345,843	345,843
Corporation tax payable			3,356	2,742
Other creditors			5,004	550
			<u> </u>	<u> </u>
			£1,174,385	£1,108,461
			<u> </u>	<u> </u>

9. Obligations under Operating Leases

The minimum lease payments to which the Company is committed under non-cancellable operating leases for the coming year are:

	2001		2000	
	Land and buildings	Other	Land and buildings	Other
On leases expiring				
In less than one year	-	-	32,640	-
Between one and five years	147,000	-	120,729	1,908
	<hr/>	<hr/>	<hr/>	<hr/>
	£147,000	£ -	153,369	1,908
	<hr/>	<hr/>	<hr/>	<hr/>