

International Consumer Research and Testing Limited

Directors' Report and Accounts for the 12 Months Ended 31 December 1998

Company Registration Number: 2447570

**Registered Address:
111 Baker Street
London
W1M 1SE**



International Consumer Research and Testing Limited

Report of the Directors

The directors herewith submit their report and the accounts for the 12 months ended 31 December 1998.

Activities of the Company

The principal activities of the company are the promotion of co-operation between its members and any national, multinational or international organisations involved in or concerned with consumer matters; the regulation of research and testing consumer goods, services and other consumer issues; and the promotion and rendering of assistance in joint comparative testing by these organisations.

Financial Results

Turnover for the 12 months ended 31 December 1998 was £818,484 which represents a 10.4% decrease over the 1996/97 figure (£1,370,859). This was due to the decrease in number and size of projects undertaken in this period. The deficit for the period after taxation was £23,938 (1996/97: £31,278 surplus).

Directors

The directors who served during the 12 months ended 31 December 1998 were:

Werner Brinkman
Armand De Wasch (Chairman)
Sheila McKechnie
Dave Roberts (Alternate to Sheila McKechnie)
Dick Westendorp (resigned 27/10/98)
Felix Cohen (Appointed 27/10/98)

None of the directors held an interest in the shares of the company at any time during the period.

Secretary

Guido Adriaenssens (Appointed 01/02/99)

Responsibilities of the Directors

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the 12 months ended 31 December 1998. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis. The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Year 2000

The directors have considered the risks and uncertainties associated with the Year 2000 problem. The functionality of the key systems has been addressed, and a moderate level of assurance has been obtained that key systems will continue to operate into the millennium. The company is reliant on its member organisations as both customers and suppliers. The Directors intend to investigate the advancements made by the individual members in addressing Year 2000 and will make an assessment of its materiality during the course of 1999. The directors expect that the costs of dealing with Y2K will be met within the normal IT budget and are consequently not material.

By Order of the Board



Secretary
Guido Adriaenssens

International Consumer Research and Testing Limited

Report of the auditors to the Members of International Consumer Research and Testing Limited

We have audited the financial statements on pages 3 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of the Directors and the Auditors

The directors are responsible for preparing the Annual Report, including as described on page 1, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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 Companies Act. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 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 at 31 December 1998, and of its losses, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London



International Consumer Research and Testing Limited

Profit and Loss Account for the 12 Months Ended 31 December 1998

	Note	12 months December 1998 £	18 months December 1997 £
Turnover	2	818,484	1,370,859
Cost of Sales		(594,051)	(1,093,338)
		<hr/>	<hr/>
Gross Surplus		224,433	277,521
Administrative Expenses		(276,139)	(273,384)
		<hr/>	<hr/>
Operating (Deficit)/ Surplus		(51,706)	4,137
Interest Receivable	3	24,286	38,568
		<hr/>	<hr/>
(Deficit)/ Surplus on Ordinary Activities Before Taxation	4	(27,420)	42,705
Taxation Repayable/(Payable)	5	3,482	(11,427)
		<hr/>	<hr/>
(Deficit)/ Surplus on Ordinary Activities After Taxation		(23,938)	31,278
Accumulated Surplus B/Fwd at 1 January 1998		49,652	18,374
		<hr/>	<hr/>
Accumulated Surplus C/Fwd at 31 December 1998		25,714	49,652
		<hr/>	<hr/>

The figures above relate entirely to continuing operations.

The company has no recognised gains or losses other than those included in the results above, and therefore no separate statement of recognised gains and losses has been presented.

There is no difference between the deficit on ordinary activities before taxation for the 12 months and the retained surplus for the 12 months stated above and their historical equivalent.

International Consumer Research and Testing Limited

Balance Sheet as at 31 December 1998

	Note	December 1998 £	December 1997 £
Fixed Assets			
Office Furniture	7	653	-
Computer Equipment		4,581	-
		<u>5,234</u>	<u>-</u>
Current Assets			
Debtors	8	344,642	299,247
Cash at Bank & in Hand		421,312	503,500
		<u>765,954</u>	<u>802,747</u>
Creditors			
Amounts falling due within one year	9	(743,839)	(751,475)
Net Current Assets		<u>22,115</u>	<u>51,272</u>
Total Assets less Current Liabilities		<u>27,349</u>	<u>51,272</u>
Net Assets		<u>27,349</u>	<u>51,272</u>
Share Capital & Reserves			
Share Capital	11	1,635	1,620
Profit and Loss Account		25,714	49,652
Equity Shareholders' Funds	12	<u>27,349</u>	<u>51,272</u>

Approved by the Board on 5 July 1999 and signed on its behalf by
Jabberts Director.

The notes on pages 5 to 9 form part of these accounts

International Consumer Research and Testing Limited

Notes to the Accounts

1. Principal Accounting Policies

The accounts have been prepared in accordance with the Financial Reporting Standards for Smaller Entities in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of Accounting

The accounts are prepared under the historical cost convention.

Cash Flow Statement

The company qualifies as a small company under the provisions of Section 247 of the Companies Act 1985. As a consequence, it is exempt from the requirement to publish a cash flow statement.

Turnover

This represents the value, net of Value Added Tax, of membership fees and research income earned during the 12 months. Membership income is credited to the profit and loss account on an accruals basis. Research income is credited to turnover on a percentage basis indicative of the stage of completion of the project. Research income received during the period but which relates to future years' work is treated as deferred income.

Depreciation

Depreciation is calculated on fixed assets in order to write off their cost less residual value in equal instalments over their estimated useful lives. Asset lives are estimated as follows:

Computer equipment: 3 years
Office furniture: 5 years
Office fixtures & fittings: the remaining lease term

Research Income and Expenditure

Turnover is recognised on a costs incurred basis. Any anticipated losses are immediately written off. Expenditure incurred on research is written off as incurred.

Foreign Currency Amounts

Balances in foreign currencies are translated at rates of exchange ruling at the balance sheet date. Transactions during the period are translated at the rate ruling on the day the transaction is completed. All exchange differences arising are reflected in the profit and loss account.

Pension Costs

Pension costs are charged to the profit and loss account in the period in which the premiums are payable.

Operating Leases

Charges incurred under operating lease arrangements are debited to the profit & loss account evenly over the lease term

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2. Turnover	December 1998 £	December 1997 £
Turnover is analysed as follows:		
Membership Fees	154,630	212,386
Research Income	663,854	1,158,473
	<hr/>	<hr/>
Total	818,484	1,370,859
	<hr/>	<hr/>
3. Interest Receivable		
Interest on deposits	24,286	38,568
	<hr/>	<hr/>
4. Deficit on Ordinary Activities Before Tax		
The Deficit on ordinary activities before taxation is stated after charging/(crediting):		
Auditors' Remuneration	4,000	3,800
Foreign Exchange Loss/ (Gain)	(21,711)	(20,392)
Operating Leases	13,168	-
	<hr/>	<hr/>
5. Taxation		
Taxation is charged at 21% (1996/97: 21%) on the profits for the 12 months		
Corporation Tax Repayable	3,482	-
Corporation Tax (Payable)	-	(11,427)
	<hr/>	<hr/>
	3,482	(11,427)
	<hr/>	<hr/>
6. Employees		
Apart from the directors, the average number of persons Employed during the year was 6 (1996/97:5). All employees are involved with the administrative function.		
Wages and Salaries	148,756	166,366
Social Security Costs	14,876	16,412
Pension Costs	10,883	13,716
	<hr/>	<hr/>
	174,515	196,494
	<hr/>	<hr/>

No Director received any emoluments in respect of either accounting period.
The pension contributions are in respect of a defined contribution scheme.

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7. Fixed Assets	Office Furniture	Computers
<i>Cost:</i>	£	£
At 1 January 1998	-	-
Additions	700	4,891
At 31 December 1998	-	-
	<hr/> 700	<hr/> 4,891
<i>Depreciation:</i>		
At 1 January 1998	-	-
Charge for the Year	(47)	(310)
At 31 December 1998	-	-
	<hr/> (47)	<hr/> (310)
<i>Net Book Value</i>		
At 31 December 1998	653	4,581
At 31 December 1997	-	-
	<hr/>	<hr/>
8. Debtors	December 1998	December 1997
	£	£
<i>Amounts falling due within one year</i>		
Trade Debtors	36,153	68,692
Other Debtors	5,242	1,166
Prepayments and Accrued Income	296,336	228,805
VAT Recoverable	3,429	584
Corporation Tax Recoverable	3,482	-
	<hr/>	<hr/>
	344,642	299,247
	<hr/>	<hr/>

All of the trade debtors consists of amounts due from the company's shareholders.

9. Creditors: Amounts falling due within one year

Trade Creditors - Other	3,652	448
-Amounts owed to shareholders	293,868	213,767
Other Taxation & Social Security	3,849	-
Other Creditors - Other	115	55
-Amounts owed to shareholders	157,900	157,900
Corporation Tax Payable	-	11,427
Accruals & Deferred Income	284,405	367,878
	<hr/>	<hr/>
	743,839	751,475
	<hr/>	<hr/>

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10. The following annual commitments are due under operating leases:

Expiring after 5 years

*Land &
Buildings*

32,665

11. Share Capital

Authorised:

6	Ordinary 'A' Shares of £270 each
20	Ordinary 'B' Shares of £45 each
20	Ordinary 'C' Shares of £15 each

December 1998 £	December 1997 £
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1,620	1,620
900	900
300	300

2,820	2,820
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Issued and Fully Paid:

4	Ordinary 'A' Shares of £270 each
9	Ordinary 'B' Shares of £45 each
10 (1997:8)	Ordinary 'C' Shares of £15 each

1,080	1,080
405	405
150	135

Called Up Share Capital

1,635	1,620

One 'C' ordinary share of £15 was issued during the period to a new member for cash.

All shares rank equally for dividends and in winding up. 'A' and 'B' shares may vote on any resolution at a general meeting. 'C' shares may only vote on resolutions for winding up, changing the Memorandum or Articles, or altering the share capital and otherwise do not have the right to vote at a general meeting. A holder of an 'A' share is entitled to exercise six votes on any matter on which they are entitled to vote at any general meeting. A holder of a 'B' share and a holder of a 'C' share is entitled to one vote on any matter on which they are entitled to vote at any general meeting.

12. Reconciliation of Movements in Equity Shareholders' Funds

December 1998 £	December 1997 £
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Opening Shareholders' Funds	51,272	19,919
1 Ordinary 'C' Share issued	15	75
(Deficit)/ Surplus for the Financial Period	(27,481)	31,278

23,806	51,272

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13. *Relationships*

Political and Charitable contributions and related party transactions

No political contributions were made during the period (1997: £Nil)

Details of those transactions with companies or individuals who may be linked to the company in some way are listed below. The information disclosed helps to clarify the nature of the relationship.

<i>Organisation</i>	<i>Member Status</i>	<i>Membership Fee £</i>	<i>Trade Purchases £</i>	<i>Trade Creditors as at 31.12.98</i>	<i>Trade Sales £</i>	<i>Trade Debtors as at 31.12.98</i>
<i>Consumers Association (CA)</i>	A	8,260	61,495	41,972	31,233	3,976
<i>Consumentenbond (CB)</i>	A	8,260	45,894	47,308	16,023	9,546
<i>Stiftung Warentest (SW)</i>	A	8,260	(1,109)	1,268	29,784	10,466
<i>Verbruikersunie (VU)</i>	A	8,260	47,173	47,157	45,096	12,181

Consumers' Association has charitable status.

IT paid Consumers' Association (CA) £12,077 (1997: £25,278) to cover the cost of providing office accommodation, facilities and administrative support. During the period, CA paid many of IT's operational costs for which it was subsequently fully reimbursed.

During the period, the following transactions were recorded relating to 'B' members:- Membership fees £25,290; Trade Purchases £67,056; Trade Sales £104,184. As at the period end the following amounts remained outstanding: Trade Creditors £72,879.

During the period, the following transactions were recorded relating to 'C' members:- Membership fees £10,416; Trade Purchases £86,515; Trade Sales £14,309. As at the period end the following amounts remained outstanding: Trade Creditors £83,778.