

Company number: 02644647

INFORM COMMUNICATIONS PLC
FINANCIAL STATEMENTS
YEAR ENDING 30 SEPTEMBER 2008



INFORM COMMUNICATIONS PLC

Year Ending 30th September 2008

DIRECTOR'S REPORT

DIRECTORS:

R.N. Coppack
S.C. Kantaria
S.S. Mangat
C.D. Owen

SECRETARY:

Mackrell Turner Garrett

REGISTERED OFFICE:

Berkshire House, High Street, Ascot, Berkshire, SL5 7HY

The Directors present their annual report, together with the audited financial statements of the company for the period 1st October 2007 to 30th September 2008.

REVIEW OF BUSINESS:

Following the market trends identified last year, we re-launched our services with new marketing material and pricing policy, to consolidate and maximise our market-leading position.

This has resulted in an order/hot prospect list increased by 400% on the same time last year. While the decision-making process is still a lengthy one, this has also reduced due to our new pricing policies and image. This means that we are in a strong position to maintain the growth in both turnover and profitability.

Considering the management time and cost associated with the companies re-launch, the final profit figure for the year is satisfactory and reflects the prudent cost-cutting and control of expenses.

THE COMPANY'S SERVICES:

Crisys

Our personal Safety Monitoring system (Crisys) continues to grow in terms of both the number of clients and the average size of contract. Our National Account Manager is helping to further develop the market and over 100,000 personnel from a wide range of major organisations are now active users of the system.

360 Self Service

360 Self Service is the suite of 24 hour automated, hosted response / support services that answers an unlimited number of telephone, email and web generated enquiries. The attraction and marketability of Self Service is based on providing a fully managed and hosted service at a fraction of the cost of developing and operating this in-house. Several cutting-edge enhancements have been added to maintain our market-leading position.

International Government - immigration, visa and tourism services

Inform provides 24 hour telephone and email support services for several major International Embassies. These are long-term clients who have all been with Inform for between 5 and 11 years and all chose to renew / extend their contracts in 2007/8.

The Future

IVR and 'Self Service' have become a proven method of effective and cost-effective service delivery. We are in an excellent position to capitalise on this in our main market sectors.

INFORM COMMUNICATIONS PLC

Year Ending 30th September 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant information and to establish that the company's auditors are aware of that information.

FINANCIAL INSTRUMENTS

Treasuring Operation and Financial Instruments

The company operates a treasury function which is responsible for managing the liquidity and interest rate risks associated with the company's activities.

The company's principal financial instruments comprise cash and bank borrowings together with various items such as trade debtors, trade creditors, accruals and prepayments that arise directly from its operations.

The main purpose of these financial instruments is to finance the company's operations.

Liquidity Risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Interest Rate Risk

The company is exposed to interest rate risk on its fixed rate borrowings and cash flow interest rate risk on bank overdrafts and loans.

INFORM COMMUNICATIONS PLC

Year Ending 30th September 2008

Credit Risk

The company's credit risk is primarily attributable to its trade debtors. All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary.

Policy on the Payment of Creditors

It is not the company's policy to follow any code or standard on payment practice. In respect of all of its suppliers, it is the company's policy to settle the terms of payment with those suppliers when agreeing the terms of each transaction, to ensure that those suppliers are made aware of the terms of payment, and to abide by the terms of payment. The company does not operate a different policy for different suppliers or classes of suppliers.

The number of days that purchases remain in creditors calculated in days is 36 (2007-52).

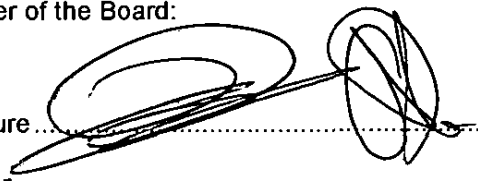
Auditors

The auditors, CMB Partnership, are willing to be re-appointed in accordance with Section 385 of the Companies Act 1985.

By order of the Board:

Signature

Director



Date 28 April 2009

INFORM COMMUNICATIONS PLC

Year Ending 30th September 2008

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF INFORM COMMUNICATIONS PLC

We have audited the financial statements of Inform Communications Plc for the year ended 30 September 2008 on pages 5 to 12. These have been prepared under the historical cost convention and the accounting policies set out on page 8.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page 2.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you 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 information given in the Directors' Report is consistent with the financial statements. In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all of the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatement within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards of Auditing (UK and Ireland) 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 as to whether 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30th September 2008 and its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

CMB Partnership
Registered Auditor & Chartered Accountants
Chapel House
1 Chapel Street
Guildford Surrey GU1 3UH

Signed: *CMB Partnership*

Date: 28 April 2009

INFORM COMMUNICATIONS PLC
Year Ending 30th September 2008

PROFIT & LOSS ACCOUNT

	Notes	2008 £	2007 £
Turnover	2	1,061,300	1,070,574
Direct Costs		134,019	141,328
Gross Profit		<u>927,281</u>	<u>929,246</u>
Administrative Expenses		855,594	895,544
Operating Profit	3	<u>71,687</u>	<u>33,702</u>
Interest Payable	5	(26,644)	(28,753)
Profit on Ordinary Activities before Taxation		<u>45,043</u>	<u>4,949</u>
Taxation	6	0	0
Profit for the Financial year	13	<u>45,043</u>	<u>4,949</u>

The company has no recognised gains or losses other than those dealt with in the profit and loss account.
The notes on pages 8 to 12 form part of these accounts.

INFORM COMMUNICATIONS PLC

As at 30th September 2008

BALANCE SHEET

	NOTES	2008 £	£	2007 £	£
FIXED ASSETS					
Intangible Assets	7	0		0	
Tangible Assets	8	<u>24,898</u>	24,898	<u>33,901</u>	33,901
CURRENT ASSETS					
Debtors	9	215,329		169,185	
Cash at Bank and in hand		<u>114</u>		<u>88</u>	
		215,443		169,273	
CREDITORS - amounts falling due within one year	10	<u>(320,479)</u>		<u>(267,555)</u>	
NET CURRENT (LIABILITIES)			<u>(105,036)</u>		<u>(98,282)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			(80,138)		(64,381)
CREDITORS - amounts falling due after more than one year	10		<u>(83,150)</u>		<u>(143,950)</u>
TOTAL NET (LIABILITIES)			<u><u>(163,288)</u></u>		<u><u>(208,331)</u></u>
CAPITAL & RESERVES					
Called up share capital	11		118,889		118,889
Share Premium Account	12		201,111		201,111
Profit and Loss account	12		(483,288)		(528,331)
EQUITY SHAREHOLDERS FUNDS	13		<u><u>(163,288)</u></u>		<u><u>(208,331)</u></u>

28 April 2009

Approved by the Directors on and signed on behalf of the Board by:

Directors

The notes on pages 8 to 12 form part of these accounts.

INFORM COMMUNICATIONS PLC

For the Year Ending 30th September 2008

CASH FLOW STATEMENTS

	2008		2007
	£	£	£
Cash flow from operating activities (note 1)		33,392	125,790
Returns on investment & servicing of finance:			
Interest paid	(26,644)		(28,753)
		(26,644)	(28,753)
Capital expenditure:			
Purchase of tangible fixed assets	(13,403)		(15,895)
Purchase of intangible fixed assets	0		0
		(13,403)	(15,895)
Cash inflow before financing		(6,655)	81,142
Financing:			
Increase in borrowings	0		0
Repayment of loans	(60,800)		(35,986)
		(60,800)	(35,986)
(Decrease)/increase in the period		(67,455)	45,156
Reconciliation of net cash flow to movement in net debt (note 2)			
(Decrease)/increase in cash in the period	(67,455)		45,156
Cash flow from decrease/(increase) in debt and lease financing	60,800		35,986
Change in net debt resulting from cash flows		(6,655)	81,142
Net debt at 1/10/07		(251,290)	(332,432)
Net debt at 30/9/08		(257,945)	(251,290)

Note	<u>Reconciliation of operating profit to operating cash flows</u>	2008		2007
1		£	£	£
	Operating Profit	71,687		33,702
	Depreciation and amortisation	22,406		32,445
	Decrease in debtors	(46,144)		24,496
	Increase in creditors & accruals	(14,557)		35,147
	Net cash inflow from operating activities	33,392		125,790
Note	<u>Analysis of net debt</u>	At 1/10/07	Cash Flow	At 30/9/08
2				
	Cash in hand	(48,411)	(67,455)	(115,866)
	Debt due after one year	(143,950)	60,800	(83,150)
	Debt due within one year	(58,929)	0	(58,929)
		(202,879)	60,800	(142,079)
	TOTAL	(251,290)	(6,655)	(257,945)

The notes on pages 8 to 12 form part of these accounts.

INFORM COMMUNICATIONS PLC

For the Year Ending 30th September 2008

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES.

1.1 Going Concern.

The financial statements have been prepared on a going concern basis.

This assumption is considered appropriate because of the following:-

- a) The Directors have considered the profitability for the period to 30th April 2010 and believes that it will be profitable in this period.
- b) The bank borrowings are guaranteed by Messrs. Coppack, Owen and Kantaria as disclosed in note 10.

1.2 Accounting Conventions and basis of preparation.

The financial statements are prepared under the historical cost convention.

The accounts are prepared in accordance with applicable accounting standards.

1.3 Turnover.

Sales are a mixture of one-off customisation fees and annual subscriptions for services and include premium rate income. Turnover is recognised immediately for Inform 360 services, as this reflects the cost of the up-front work and benefit to the client from the outset.

1.4 Intangible Fixed Assets.

Development expenditure incurred on specific projects is carried forward and written off over 3 years.

1.5 Depreciation of fixed assets.

Provision is made for depreciation on all fixed assets, at rates calculated to write off the cost less estimated residual value, of each asset over its expected useful life, as follows:

Furniture and fittings:	20% per annum on the straight line basis.
Motor vehicles	33.3% per annum on the straight line basis.
Communications Equipment	33.3% per annum on the straight line basis.
Computer Equipment	33.3% per annum on the straight line basis.

1.6 Operating and Finance Leases.

Rentals under operating leases are charged against income as incurred. Assets held under finance leases are capitalised in the balance sheet and depreciated over their useful lives.

1.7 Deferred Taxation.

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's accounts. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

2. TURNOVER

The turnover and profit are attributable to the one main activity of the Company.

All of the turnover arose from operation in the United Kingdom.

INFORM COMMUNICATIONS PLC

For the Year Ending 30th September 2008

NOTES TO ACCOUNTS - CONTINUED /...

	2008 £	2007 £
3. OPERATING PROFIT		
This is stated after charging:		
Staff costs (see note 4)	552,226	623,450
Auditor's remuneration – audit	2,700	2,625
Auditor's remuneration – taxation services	700	675
Depreciation and amortisation	22,332	26,612
Loss on disposal of asset	74	5,833
Operating lease rentals – land and buildings	38,874	31,852
Equipment Rental	905	905
	<u>552,226</u>	<u>623,450</u>
4. EMPLOYEE INFORMATION		
4.1 Staff Costs		
Wages & Salaries	497,611	561,393
Social Security costs	54,615	62,057
TOTAL	<u>552,226</u>	<u>623,450</u>
4.2 The average monthly number of employees:-		
Direct Call Centre operators	6	6
Administration/Sales Support	8	8
TOTAL	<u>14</u>	<u>14</u>
4.3 Directors' emoluments:		
The Directors' emoluments, of which, the remuneration (including pension) is included above amounted to:	<u>204,746</u>	<u>259,248</u>
Information regarding the highest paid director is as follows:		
Emoluments etc	<u>111,933</u>	<u>129,599</u>
5. INTEREST PAYABLE		
- Bank Loans and Overdraft	24,994	27,812
- Finance lease	1,650	941
	<u>26,644</u>	<u>28,753</u>
6. TAXATION		
The standard rate of tax for the year, based on the UK standard rate of corporation tax for small companies is 20.5% (2007 – 19.5%). The actual tax charge for the current and previous year is different from the standard rate for the reasons set out in the following reconciliation.		
Profit on ordinary activities before tax	45,043	4,949
Tax on profit on ordinary activities at standard rate	9,234	965
Factors affecting charge for the period:-		
Capital allowances in excess of depreciation	(908)	2,728
Expenses not deductible for tax purposes	889	2,875
Losses utilised	(9,215)	(6,568)
Tax charge	<u>0</u>	<u>0</u>

INFORM COMMUNICATIONS PLC

For the Year Ending 30th September 2008

NOTES TO ACCOUNTS - CONTINUED /...

	2008 £	2007 £
7. INTANGIBLE FIXED ASSETS - Software Development		
Cost:		
At 30th September 2007	2,800	17,800
Additions	0	0
Disposals	0	(15,000)
At 30th September 2008	<u>2,800</u>	<u>2,800</u>
Depreciation:		
At 30th September 2007	2,800	6,967
Charge for year	0	5,000
Disposals	0	(9,167)
At 30th September 2008	<u>2,800</u>	<u>2,800</u>
Net book value at 30th September 2008	<u>0</u>	<u>0</u>

8. TANGIBLE FIXED ASSETS

	Motor Vehicle £	Computer Equipment £	Furniture & Fittings £	Communi- cations Equipment £	Total £
Cost:					
At 30th September 2007	28,843	157,443	36,615	9,547	232,448
Additions	0	787	0	12,615	13,402
Disposals	0	(664)	0	0	(664)
At 30th September 2008	<u>28,843</u>	<u>157,566</u>	<u>36,615</u>	<u>22,162</u>	<u>245,186</u>
Depreciation:					
At 30th September 2007	18,427	139,616	31,942	8,562	198,547
Charge for year	9,614	9,384	1,332	2,002	22,332
Disposals	0	(591)	0	0	(591)
At 30th September 2008	<u>28,041</u>	<u>148,409</u>	<u>33,274</u>	<u>10,564</u>	<u>220,288</u>
Net book value at 30th September 2008	<u>802</u>	<u>9,157</u>	<u>3,341</u>	<u>11,598</u>	<u>24,898</u>
Net book value at 30th September 2007	<u>10,416</u>	<u>17,827</u>	<u>4,673</u>	<u>985</u>	<u>33,901</u>

Included in fixed assets is a motor vehicle under a finance lease agreement with a net book value of £802 (2007: £10,416). The depreciation charged on this asset in the year was £9,614 (2007 - £9,614). Net obligations under the finance lease contract are secured on the motor vehicle.

	2008 £	2007 £
9. DEBTORS		
Prepayments and accrued income	73,978	96,191
Trade Debtors	<u>141,351</u>	<u>72,994</u>
TOTAL	<u>215,329</u>	<u>169,185</u>

INFORM COMMUNICATIONS PLC

For the Year Ending 30th September 2008

NOTES TO THE ACCOUNTS - CONTINUED /...

	2008		2007
	£	£	£
10. CREDITORS – Amount falling due within 1 year			
Bank Overdraft	115,980		48,499
Trade Creditors	43,627		58,536
Finance Lease	16,580		9,460
Social security and other taxes	73,227		74,154
Accruals	12,136		17,977
Bank loans	58,929		58,929
TOTAL	<u>320,479</u>		<u>267,555</u>
CREDITORS – Amounts falling due after more than one year.			
Finance Lease	3,587		20,167
Bank loans	79,563		123,783
	<u>83,150</u>		<u>143,950</u>

The bank loans and bank overdraft are secured by a debenture and guarantees from Messrs. Coppack, Owen and Kantaria. The finance lease creditors are secured on the related motor vehicle and computer software acquired.

		2008	2007
		£	£
11. SHARE CAPITAL	Authorised	Allotted, Issued & Fully Paid	
Ordinary shares of £1 each	1,000,000		
100,000 Ordinary £1 shares		100,000	100,000
7,000 Ordinary £1 shares		7,000	7,000
11,889 'B' Shares		11,889	11,889
		<u>118,889</u>	<u>118,889</u>

The 'B' shares are non voting except in certain specified circumstances. On a distribution they will rank equally with ordinary shares. On a winding up the 'B' shares have preference up to £150,000 or 10% of net distributable assets, whichever is the greater.

12. RESERVES	Share Premium Account	Profit & Loss Account	Total
At beginning of year	201,111	(528,331)	(327,220)
Transfer from profit & loss account for the year	0	45,043	45,043
At end of year	<u>201,111</u>	<u>(483,288)</u>	<u>(282,177)</u>

INFORM COMMUNICATIONS PLC

For the Year Ending 30th September 2008

NOTES TO THE ACCOUNTS - CONTINUED /...

13.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS	2008 £	2007 £
	Profit for financial year	<u>45,043</u>	<u>4,949</u>
	Net increase to shareholders funds	45,043	4,949
	Opening Shareholders funds	(208,331)	(213,280)
	Closing Shareholders funds	<u>(163,288)</u>	<u>(208,331)</u>
14.	DEFERRED TAXATION	2008 £	2007 £
	Potential Deferred Tax Asset		
	On accelerated capital allowances	6,482	7,059
	Losses	60,944	67,033
		<u>67,426</u>	<u>74,092</u>
	The deferred tax asset (using the small companies tax rate of 21% (2007 - 20%)) has not been recognised due to losses incurred in previous periods.		
15.	OPERATING COMMITMENTS	2008 £	2007 £
	Annual commitments under operating leases:		
	Expiring within 1 year - Land & Buildings	<u>32,379</u>	
	Expiring within 1-5 years – Land & Buildings		<u>39,402</u>
16.	CONTROL OF THE COMPANY		
	The company is controlled by its directors.		
17.	RELATED PARTY TRANSACTIONS		
	Administrative expenses include £19,000 (2007 - £nil) in respect of consultancy charges paid to S.Kantaria who is a director.		