

Inform Communications Plc

Financial Statements

For year ending

30 September 1995

Company Number 2644647



INFORM COMMUNICATIONS PLC
For the Year Ending 30th September 1995

DIRECTOR'S REPORT

DIRECTORS:

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

SECRETARY:

Mackrell Turner Garrett

REGISTERED OFFICE:

Apex House, London Road, Bracknell, Berkshire, RG12 2XH

The Directors present their annual report, together with the audited financial statements of the company for the period 1st October 1994 to 30th September 1995.

REVIEW OF BUSINESS:

The company changed its name from LeisureLine Europe plc to Inform Communications plc to reflect the greater variety of specialised services in its portfolio.

The company increased its turnover to 1.015 million pounds sterling representing a 40% increase on the previous year. It also reduced its loss before interest to £62,000 representing an improvement of 22% on the previous year.

The first half of 1994/5 saw the company consolidating and expanding its position with existing clients and services and this was reflected in the half year results to March 31st which showed a turnover of 490K against a projected 460K and a profit of 12K against a projected loss of 5K.

The decision was then taken by the board to add the new range of short and medium term opportunities referred to in the following sections in order to reduce the emphasis on long term, high value services which often involve long decision making processes.

This strategic decision was taken to improve cash flow and safeguard the company's long-term development plans. As was forecast, the necessary development time and associated costs resulted in losses during the second half of the year, but these were lower than expected due to tight cost controls.

INFORM COMMUNICATIONS PLC

For the Year Ending 30th September 1995

REVIEW OF BUSINESS continued/...

The results of these investments of time and resources are now beginning to bear fruit and mean that a substantial increase in new business can now be achieved with little or no increase in overheads.

In consequence the board is confident of returning strong second half results in 1995/6 having established firm footholds in specialised new markets during the first half of the year.

THE COMPANY'S SERVICES.

INFORM

Inform is the range of live and automated information collection and dissemination services specifically designed for local and central government, public utilities and major commercial companies.

The company acts for a wide range of Local authorities throughout the country and is now regarded as the leading supplier of live multi-lingual telephone information services to this sector.

The Inform services went through a directional change in the second half of this year. Whilst the services to Local and Central Government remain an important, high profile, income generation area, the sometimes lengthy decision making process - (6-12 months is not uncommon), means that major service sales to this market do not provide the cash flow stability which we need to expand and develop this sector of the business.

Whilst we were successful in retaining our existing long term contracts and winning several important new ones, it was decided to add a new range of both in-house and joint projects with external organisations, in order to supply low fee, high volume services aimed at both Local Government and private sectors and these would assist in providing the required cash flow stability.

These changes are now producing dividends in both improved opportunities for both regular income and, because of the uniqueness and relevance of the services and the size of the markets, excellent prospects of achieving and surpassing budget and profit targets.

The total market for these new services is conservatively estimated to be worth in excess of £15M p.a. and our current order book and work in progress for the first 6 months of 95/6 shows an improvement of 235% on the corresponding period last year.

INFORM COMMUNICATIONS PLC
For the Year Ending 30th September 1995

THE COMPANY'S SERVICES continued /

DATE DIRECT

This service has been developed in association with a publishing company called the Fringe Agency Ltd and has been set up as a jointly owned limited company.

The service provides a live telephone information service to the Building, Civil Engineering and Construction industry which offers efficiency and cost-saving opportunities.

Basically Data Direct is a substantial database of relevant, comprehensive, accurate and regularly updated information which is essential for the industry to successfully conduct the pre-tender / tender / contracts processes.

Callers simply identify the information they require and this is collated by the computer system and instantly faxed back to the callers location.

Following months of development and within 1 month of launch, major industry organisations with turnovers in excess of £7 billion have already registered as users of the service and the project has been put forward for a major industry innovation award.

Income is achieved through premium rate lines for callers to the service and a management fee to companies registered on the database.

With over 250,000 individual organisations involved in the UK industry alone, this service has tremendous potential.

MEDIA SERVICES.

The company began to reap the rewards of the investment in hardware and software systems made the previous year by increasing its turnover from £113,000 in 93/4 to £378,000 in 1994/5.

The company's client list now includes a wide variety of major regional press groups.

An aggressive campaign to further expand this market has seen turnover for the first 6 months of 1995/6 increase to £345,000 and a target of £750,000 for the year is now confidently predicted representing an increase of approximately 100%.

INFORM COMMUNICATIONS PLC

For the Year Ending 30th September 1995

THE COMPANY'S SERVICES continued /....

INTERNATIONAL TOURIST BOARDS.

1994/5 saw the addition of two major new International Government clients - to our client list and with the agreement of our first client - New Zealand to grant us a three year contract, the Directors are confident in expanding the profitability of this important and prestigious service in 1995/6.

INFORM COMMUNICATIONS PLC

For the Year Ending 30th September 1995

DIRECTORS AND THEIR INTERESTS

The following were the beneficial interests of the directors in the issued ordinary share capital of the company at 30th September 1995 and 30th September 1994.

R. N. Coppack	48,000 Shares
S.C. Kantaria	Nil
C.D. Owen	Nil
S. Mangat	Nil

STATEMENT OF DIRECTORS' RESPONSIBILITIES.

Company law required the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs for 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.

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.

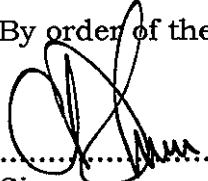
FIXED ASSETS.

The movement in fixed assets during the year are set out in notes 7 and 8 on page 13 of the accounts.

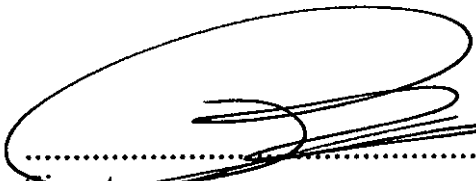
AUDITORS.

In accordance with the provision of section 384 of the Companies Act 1985, Messrs Morison Stoneham have indicated their willingness to be re-appointed as auditors of the company.

By order of the Board:


.....
Signature

Date 20.4.96


.....
Signature

Date 20/04/96

INFORM COMMUNICATIONS PLC

For the Year Ending 30th September 1995

AUDITORS REPORT TO MEMBERS.

We have audited the financial statements on pages 7 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 14.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS.

As described on page 3 the company's directors are responsible for the preparation of the 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 use 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 30th September 1995 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Morison Stoneham

*Registered Auditors
Chartered Accountants*

*Prudential Buildings,
Epsom Road,
Guildford,
Surrey.*



20.4.96

INFORM COMMUNICATIONS PLC
For the Year Ending 30th September 1995
PROFIT & LOSS ACCOUNT

	Notes	1995 £	1994 £
Turnover	2	1,015,307	728,329
Direct Costs		<u>635,498</u>	<u>429,068</u>
Gross Profit		379,809	299,261
Administrative Expenses		<u>441,659</u>	<u>377,136</u>
Operating (loss)	3	(61,850)	(77,875)
Interest Receivable		372	1,063
Interest Payable	5	<u>(14,500)</u>	<u>(11,198)</u>
(Loss) on Ordinary Activities before Taxation		(75,978)	(88,010)
Taxation	6	-----	-----
(Loss) for the year	13	<u><u>(75,978)</u></u>	<u><u>(88,010)</u></u>

The company has no recognised gains or losses other than those dealt with in the profit and loss account.

The notes on pages 11 to 15 form part of these accounts.

INFORM COMMUNICATIONS PLC

For the Year Ending 30th September 1995

BALANCE SHEET

	NOTES	1995	1994
			£
FIXED ASSETS			
Intangible Assets	7	26,088	17,361
Tangible Assets	8	15,313	26,464
		<u>41,401</u>	<u>43,825</u>
CURRENT ASSETS			
Debtors	9	141,893	104,573
Cash at Bank and in hand		<u>181</u>	<u>1,086</u>
		142,074	105,659
CREDITORS - amounts falling due within one year	10	(318,538)	(207,020)
NET CURRENT (LIABILITIES)		(176,464)	(101,361)
ASSETS LESS CURRENT LIABILITIES		<u>(135,063)</u>	<u>(57,536)</u>
CREDITORS - amounts falling due after more than one year	10	(103,942)	(105,491)
		<u>(239,005)</u>	<u>(163,027)</u>
financed by			
CAPITAL & RESERVES			
Called up share capital	12	118,889	118,889
Share Premium Account	13	201,111	201,111
Profit and Loss account	13	(559,005)	(483,027)
		<u>(239,005)</u>	<u>(163,027)</u>

Approved by the Directors on 20.4.1996 and signed on behalf of the Board by:

..... Directors

The notes on pages 11 to 15 form part of these accounts.

INFORM COMMUNICATIONS PLC

For the Year Ending 30th September 1995

CASH FLOW STATEMENTS

	1995		1994	
	£	£	£	£
Net cash outflow from operating activities		(13,216)		(78,799)
Returns on investment & servicing of finance:				
Interest paid	(14,500)		(11,198)	
Interest received	372		1,063	
Net cash inflow (outflow) from returns on investment and servicing of finance.		(14,128)		(10,135)
Investing activities:				
Payment to acquire intangible & tangible fixed assets	(21,876)		(38,158)	
Net cash outflow from investing activities		(21,876)		(38,158)
Net cash (outflow) before financing		(49,220)		(127,092)
Financing:				
Proceeds of loans	15,000		100,000	
Repayment of loans	(14,800)		-----	
Net cash inflow from financing		(200)		(100,000)
Increase (Decrease) in cash and cash equivalents		(49,020)		(27,092)
TOTAL		(49,220)		(127,092)

INFORM COMMUNICATIONS PLC

For the Year Ending 30th September 1995

CASH FLOW STATEMENTS CONTINUED/....

	1995		1994	
	£	£	£	£
1. Reconciliation of operating profit to net cash outflow for operating activities				
Operating Loss		(61,850)		(77,875)
Depreciation	22,751		14,750	
Decrease/(Increase) in debtors	(37,320)		17,135	
(Decrease)/Increase in creditors & accruals	<u>63,203</u>	<u>48,634</u>	<u>(32,809)</u>	<u>(924)</u>
Net cash outflow from operating activities		<u>(13,216)</u>		<u>(78,799)</u>
2. Analysis of changes in cash and cash equivalents during the year				
Opening Balance	1,086		28,178	
Net cash Inflow/(Outflow)	(49,020)		(27,092)	
Balance at end of period		<u>(47,934)</u>		<u>1,086</u>
3. Analysis of the balances of cash and cash equivalents as shown in the balance sheet.			1995	1994
		Change in year		
Cash at Bank and in hand		<u>(49,020)</u>	<u>47,934</u>	<u>1,086</u>
4. Analysis of changes in financing during the year				
		Share Capital including premium		Loans
Opening Balance		320,000		110,000
Cash inflow from financing		-----		15,000
		<u>320,000</u>		<u>125,000</u>

INFORM COMMUNICATIONS PLC

For the Year Ending 30th September 1995

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 company has produced management accounts for the period ended 31st March 1996.
- b) The forecast to 30th September 1996 shows a trading profit.
- c) However should further finance be required the shareholders have given assurances in writing that funds will be made available to facilitate the continued expansion and development of the company for a period until at least 31st December 1996.

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.

This represents the invoiced amounts of services provided, net of value added tax.

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	20%/33.3% per annum on the straight line basis.

1.6 Operating Leases.

Rentals under operating leases are charged against income as incurred.

2. TURNOVER.

The turnover and loss 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 1995

NOTES TO ACCOUNTS - CONTINUED /...

	1994 £	1994 £
3. OPERATING (LOSS)		
This is stated after charging (crediting):		
Staff costs (see note 4)	235,494	194,535
Auditor's remuneration	2,800	2,000
Depreciation	22,751	14,750
Equipment Rental	<u>32,276</u>	<u>24,048</u>
4. EMPLOYEE INFORMATION		
4.1 Staff Costs		
Wages & Salaries	216,847	180,186
Social Security costs	<u>18,647</u>	<u>14,349</u>
TOTAL	<u>235,494</u>	<u>194,535</u>
		No.
4.2 The average weekly number of employees	18	14
		£
4.3 Directors' emoluments:		
The Directors' emoluments, of which, the remuneration (including pension) is included above amounted to:	105,017	78,330
4.4 The Directors' remuneration shown above (excluding pensions) included:-		
Chairman and highest paid Director	52,965	36,555
Highest paid Director	52,052	41,775
Other Directors' emoluments (excluding pensions) in the following ranges:		
Up to £5,000	2	2
5. INTEREST PAYABLE		
- Bank	2,076	380
- Loan	9,973	10,055
- Other	<u>2,451</u>	<u>763</u>
	<u>14,500</u>	<u>11,198</u>
6. TAXATION		
The is no tax charge for the year due to the loss incurred.		

INFORM COMMUNICATIONS PLC

For the Year Ending 30th September 1995

NOTES TO ACCOUNTS - CONTINUED /...

	1995 £	1994 £
7. INTANGIBLE FIXED ASSETS - Software Development		
Cost:		
At 30th September 1994	31,330	13,609
Additions	19,874	17,721
At 30th September 1995	<u>51,204</u>	<u>31,330</u>
Depreciation		
At 30th September 1994	13,969	6,218
Charge for year	11,147	7,751
At 30th September 1995	<u>25,116</u>	<u>13,969</u>
Net book value at 30th September 1995	<u>26,088</u>	<u>17,361</u>

8. TANGIBLE FIXED ASSETS

	Computer Equipment £	Furniture & Fittings £	Communi- cations Equipment £	Motor Vehicles £	Total £
Cost:					
At 30th September 1994	18,660	8,268	2,046	7,334	36,308
Additions	-----	363	190	-----	553
Adjustments	-----	-----	-----	(100)	(100)
At 30th September 1995	<u>18,660</u>	<u>8,631</u>	<u>2,236</u>	<u>7,234</u>	<u>36,761</u>
Depreciation:					
At 30th September 1994	5,182	4,454	208	-----	9,844
Charge for year	6,594	1,690	708	2,612	11,604
At 30th September 1995	<u>11,776</u>	<u>6,144</u>	<u>916</u>	<u>2,612</u>	<u>21,448</u>
Net book value at 30th September 1995	<u>6,884</u>	<u>2,487</u>	<u>1,320</u>	<u>4,622</u>	<u>15,313</u>
Net book value at 30th September 1994	<u>13,478</u>	<u>3,814</u>	<u>1,838</u>	<u>7,334</u>	<u>26,464</u>

The net book value of motor vehicles includes an amount of £4,622 (1994 - £7,334) in respect of assets held under contract purchase contracts.

INFORM COMMUNICATIONS PLC

For the Year Ending 30th September 1995

NOTES TO THE ACCOUNTS - CONTINUED /...

	1995	1994
	£	£
DEBTORS		
Prepayments	127,677	85,467
Other Debtors	346	333
Trade Debtors	<u>13,870</u>	<u>18,773</u>
TOTAL	141,893	104,573
0. CREDITORS - Amount falling due within 1 year		
Bank Overdraft	48,115	-----
Trade Creditors	173,119	99,733
Social security and other taxes	37,137	38,117
Accruals	48,124	57,327
Loans	10,200	10,000
Contract Purchase	<u>1,843</u>	<u>1,843</u>
TOTAL	<u>318,538</u>	<u>207,020</u>
CREDITORS - Amounts falling due after more than one year.		
Not wholly repayable within five years:		
Bank loan at 10% per annum, repayable in quarterly instalments of £5,000 commencing on 1st October 1995	100,000	100,000
Contract purchase	<u>3,942</u>	<u>5,491</u>
	<u>103,942</u>	<u>105,491</u>
The loan is secured by a debenture dated 25.6.93		
11 OBLIGATIONS UNDER CONTRACT	1995	1994
PURCHASE CONTRACTS	£	£
Amounts payable:		
within one year	1,843	1,843
within two to five years	<u>6,129</u>	<u>8126</u>
	7,972	9,969
Less finance charges allocated to future periods	<u>(2,187)</u>	<u>(2635)</u>
	<u>5,785</u>	<u>7,334</u>
Further analysed as follow:		
Current obligations	1,337	1,337
Non-current obligations	<u>4,448</u>	<u>5,997</u>
	<u>5,785</u>	<u>7,334</u>

INFORM COMMUNICATIONS PLC

For the Year Ending 30th September 1995

2. SHARE CAPITAL	Authorised	Allotted, Issued & Fully Paid	
Ordinary shares of £1 each	1,000,000		
100,000 Ordinary £1 shares paid @ £1 ea.		100,000	100,000
7,000 Ordinary £1 shares paid @ £10 ea.		7,000	7,000
11,889 'B' Shares paid @ £12.62 ea.		11,889	11,889
		<u>118,889</u>	<u>118,889</u>

3. RESERVES	Share Premium Account	Profit & Loss Account	Total
At beginning of year	201,111	(483,027)	(281,916)
Transfer from profit & loss account for the year	- - - -	(75,978)	(75,978)
	<u>201,111</u>	<u>(559,005)</u>	<u>(357,894)</u>

4. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS	1995	1994
Loss for financial year	<u>(75,978)</u>	<u>(88,010)</u>
Net addition (reduction) to shareholders funds	(75,978)	(88,010)
Opening Shareholders funds	(163,027)	(75,017)
Closing Shareholders funds	<u>(239,005)</u>	<u>(163,027)</u>

15. OPERATING COMMITMENTS

Annual commitments under operating
leases:

Expiring within 1 year - Land & Buildings	37,590	37,590
Expiring within 2-5 years - Other	29,599	28,864