

INCLARITY PLC

Company No. 2673204

**DIRECTORS' REPORT &
FINANCIAL STATEMENTS**

For the year ended 31 March 2003



INCLARITY PLC

COMPANY INFORMATION

Directors	A Besorai J Costley N Pandya E Roman
Secretary	A Besorai
Company Number	2673204 (England and Wales)
Registered office	Inclarity House 607 High Road London N12 0DZ
Auditors	Parker Cavendish 28 Church Road Stanmore Middlesex HA7 4XR

INCLARITY PLC

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

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INCLARITY PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2003

The directors present their report and the financial statements for the year ended 31 March 2003.

Principal activities and business review

The principal activity of the company and the group continues to be the provision of telecommunication services.

The directors are pleased with the increase in the group's turnover during the year and anticipate that the forthcoming year will show a continuing improvement in performance.

The profit and loss account is set out on page 4 and shows the results for the year.

Future developments

The group continues to seek and develop new areas in all fields of telecommunication services.

Directors

The directors in office during the year and their interest in the company's issued share capital were as follows:

	Ordinary £1 shares	
	31 March 2003	1 April 2002
A Besorai	-	-
C Neoh (resigned 7 October 2002)	-	-
J Costley	13,800	13,800
N Pandya (appointed 16 October 2002)	-	-
E Roman	-	-

N Pandya holds share options over 19,898 ordinary shares in the company, exercisable within 4 years from 19 March 2001 at £7.25 per share. C Neoh's options over 20,587 ordinary shares lapsed on his resignation.

Supplier payment policy

The group does not follow a specified code or standard on payment practice but endeavours to ensure that all payments are made within mutually agreed credit terms.

Auditors

The auditors, Parker Cavendish, will be proposed for reappointment in accordance with Section 385 of the Companies Act 1985 at the annual general meeting.

Approved by the Board of Directors on 22 October 2003 and signed on its behalf by


A Besorai
Director

INCLARITY PLC

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 judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements; and
- 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.

INCLARITY PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INCLARITY PLC

We have audited the financial statements of Inclarity plc, set out on pages 4 to 17, for the year ended 31 March 2003. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

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 that we are required to state to them in an auditors' 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, or the opinions that we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 and other members of the group is not disclosed.

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

Basis of audit opinion

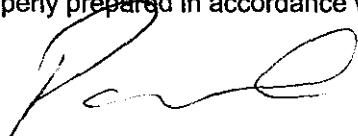
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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.

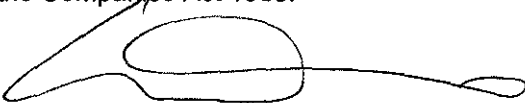
Opinion

In our opinion, the financial statements give a true and fair view of the state of the group's and the company's affairs as at 31 March 2003 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Parker Cavendish
Chartered Accountants
& Registered Auditor

22 October 2003



28 Church Road
Stanmore
Middlesex
HA7 4XR

INCLARITY PLC**CONSOLIDATED PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 MARCH 2003**

	Notes	2003 £	2002 £
Turnover	2	10,738,157	8,208,389
Cost of sales		(8,420,706)	(6,517,763)
Gross profit		2,317,451	1,690,626
Administrative expenses		(2,437,428)	(2,130,533)
Operating loss	4	(119,977)	(439,907)
Share of operating profit in associate		15,424	(16,098)
		(104,553)	(456,005)
Interest receivable and similar income		29,808	4,095
Interest payable and similar charges	5	(77,860)	(73,707)
Loss on ordinary activities before taxation		(152,605)	(525,617)
Taxation	6	68,176	-
Loss on ordinary activities after taxation	15	(84,429)	(525,617)

The results for both of the above financial years relate to continuing operations.

The group has no other recognised gains or losses for 2003 or 2002 apart from the results shown in the profit and loss account.

The notes on pages 9 to 17 form part of these financial statements.

INCLARITY PLC**NOTE OF HISTORICAL COST PROFITS AND LOSSES****FOR THE YEAR ENDED 31 MARCH 2003**

	2003 £	2002 £
Reported loss on ordinary activities before taxation	(152,605)	(525,617)
Difference between a historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	4,381	4,381
	<hr/>	<hr/>
Historical cost loss on ordinary activities before taxation	(148,224)	(521,236)
	<hr/>	<hr/>
Historical cost loss retained after taxation	(80,048)	(521,236)
	<hr/>	<hr/>

The notes on pages 9 to 17 form part of these financial statements.

INCLARITY PLC

CONSOLIDATED BALANCE SHEET AT 31 MARCH 2003

	Notes	2003		2002	
		£	£	£	£
Fixed assets					
Intangible assets	7		16,730		16,124
Tangible assets	8		1,551,182		1,662,230
			<hr/>		<hr/>
			1,567,912		1,678,354
Current assets					
Debtors	10	1,663,911		2,355,003	
Cash at bank and in hand		1,171,040		853,751	
		<hr/>		<hr/>	
		2,834,951		3,208,754	
Creditors: Amounts falling due within one year	11	(3,045,927)		(3,822,208)	
		<hr/>		<hr/>	
Net current liabilities			(210,976)		(613,454)
			<hr/>		<hr/>
Total assets less current liabilities			1,356,936		1,064,900
Creditors: Amounts falling due after more than one year	12		(525,268)		(133,379)
			<hr/>		<hr/>
			831,668		931,521
Share of net liabilities in associate	13		(149,993)		(165,417)
			<hr/>		<hr/>
Net assets			681,675		766,104
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	14		1,155,267		1,155,267
Share premium	15		1,655,396		1,655,396
Revaluation reserve	15		212,933		217,314
Profit and loss account	15		(2,341,921)		(2,261,873)
			<hr/>		<hr/>
Equity shareholders' funds	16		681,675		766,104
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors on 22 October 2003 and signed on its behalf by:


A Besora
Director


The notes on pages 9 to 17 form part of these financial statements.

INCLARITY PLC

BALANCE SHEET AT 31 MARCH 2003

	Notes	2003		2002	
		£	£	£	£
Fixed assets					
Intangible assets	7		16,730		16,124
Tangible assets	8		1,551,182		1,662,230
Investments	9		505		504
			<hr/>		<hr/>
			1,568,417		1,678,858
Current assets					
Debtors	10	1,663,911		2,355,003	
Cash at bank and in hand		1,171,035		853,747	
		<hr/>		<hr/>	
			2,834,946		3,208,750
Creditors: Amounts falling due within one year	11	(3,045,927)		(3,822,208)	
		<hr/>		<hr/>	
Net current liabilities			(210,981)		(613,458)
			<hr/>		<hr/>
Total assets less current liabilities			1,357,436		1,065,400
Creditors: Amounts falling due after more than one year	12		(525,268)		(133,379)
			<hr/>		<hr/>
Net assets			832,168		932,021
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	14		1,155,267		1,155,267
Share premium	15		1,655,396		1,655,396
Revaluation reserve	15		212,933		217,314
Profit and loss account	15		(2,191,428)		(2,095,956)
			<hr/>		<hr/>
Equity shareholders' funds	16		832,168		932,021
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors on 22 October 2003 and signed on its behalf by:


A Besorai
Director

The notes on pages 9 to 17 form part of these financial statements.

INCLARITY PLC

CONSOLIDATED CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2003

	Notes	2003 £	2002 £
Reconciliation of operating profit to net Cash inflow from operations			
Operating loss		(119,977)	(439,907)
Depreciation and amortisation		273,982	334,520
Loss on disposal of assets		-	1,163
Decrease in debtors		691,092	(838,500)
Decrease in creditors		(605,035)	1,432,437
		<hr/>	<hr/>
Net cash inflow from operating activities		240,062	489,713
		<hr/>	<hr/>
Cash flow statement			
Net cash inflow from operating activities		240,062	489,713
Return on investment and servicing of finance	17	(48,052)	(69,612)
Taxation		68,176	-
Capital expenditure and financial investment	17	(163,542)	(110,266)
		<hr/>	<hr/>
		96,644	309,835
Financing	17	220,646	(298,602)
		<hr/>	<hr/>
Increase in cash		317,290	11,233
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net funds (note 18)			
Increase in cash		317,290	11,233
Cash outflow from decrease in loans		16,016	10,946
New loans		(500,000)	-
Cash paid in repaying hire purchase and lease agreements		263,338	287,656
		<hr/>	<hr/>
Change in net funds resulting from cash flows		96,644	309,835
Net funds at 1 April 2002		443,230	133,395
		<hr/>	<hr/>
Net funds at 31 March 2003		539,874	443,230
		<hr/>	<hr/>

The notes on pages 9 to 17 form part of these financial statements.

INCLARITY PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention as modified by the revaluation of freehold land and buildings, and in accordance with applicable accounting standards.

The consolidated financial statements include the results of the company and its subsidiary undertakings. The consolidated profit and loss account includes the group's share of profits or losses of associated undertakings and the consolidated balance sheet includes the group's interest in associated undertakings at the book value of attributable net assets or liabilities.

In accordance with the exemptions allowed by Section 230 of the Companies Act 1985, the company has not presented its own profit and loss account.

1.2 Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax and trade discounts. In respect of pre-paid telephone cards, income is recognised at the point of sale.

1.3 Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets, except freehold land, evenly over their expected useful lives, as follows:-

Freehold buildings	2% per annum
Plant, machinery, fixtures & fittings	25% per annum on reducing balance
Motor vehicles	25% per annum on reducing balance

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historic cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss account.

1.4 Licenses and trademarks

These are stated at cost.

1.5 Investments

Listed investments are stated at market value and any surplus or deficit arising on the revaluation of the investments is transferred to a profit and loss reserve. Any permanent diminutions in value are charged to the profit and loss account. Investments in subsidiary and associate undertakings are stated at cost.

1.6 Leasing and hire purchase contracts

Where assets are financed by leasing arrangements that give rights approximating to ownership ('finance leases') the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account. Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases and their annual rentals are charged to the profit and loss account as incurred.

1.7 Deferred taxation

Provision is made for deferred taxation to take account of all timing differences between the incidence of income and expenditure for taxation and accounting purposes. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

INCLARITY PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of transactions. All differences are taken to the profit and loss account.

1.9 Invoice discounting

Invoices discounted are shown under the separate presentation method.

2. TURNOVER

In the opinion of the directors, as the company operates in the provision of global telecommunication services, a split of the turnover by geographical markets would not be meaningful.

3. STAFF COSTS

	2003 £	2002 £
Staff costs (including directors' remuneration) were:		
Wages and salaries	1,165,767	994,515
Social security costs	118,937	102,018
	<hr/>	<hr/>
	1,284,704	1,096,533
	<hr/>	<hr/>
Directors emoluments	125,158	80,000
	<hr/>	<hr/>

During the year, the company also paid £2,500 to C Neoh, as director of the company.

The average monthly number of employees (including directors) during the year was as follows:

Administration	11	10
Sales	6	4
Operations	17	19
	<hr/>	<hr/>
	34	33
	<hr/>	<hr/>

4. OPERATING LOSS

This has been arrived at after charging:

Depreciation on tangible fixed assets	273,982	334,520
Auditors' remuneration	1,825	5,801
Operating lease rental – other	37,500	37,500
	<hr/>	<hr/>

INCLARITY PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

5. INTEREST PAYABLE AND SIMILAR CHARGES	2003 £	2002 £
Bank loans	5,165	5,038
Finance leases	23,302	49,890
Other interest	117	250
Invoice financing	49,276	18,529
	<hr/>	<hr/>
	77,860	73,707
	<hr/>	<hr/>

6. TAXATION

Tax credit in respect of enhanced research and development allowances relating to prior years	(68,176)	-
	<hr/>	<hr/>

There is no current year charge to corporation tax due to the availability of losses.

7. INTANGIBLE FIXED ASSETS

	Licenses & Trademarks £
Cost	
At 1 April 2002	16,124
Additions	606
	<hr/>
At 31 March 2003	16,730
	<hr/>

INCLARITY PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

8. TANGIBLE ASSETS

	Freehold land, buildings & improvements £	Motor vehicles £	Plant, machinery, fixtures & fittings £	Total £
Cost				
At 1 April 2002	500,000	30,200	2,060,967	2,591,167
Additions	9,338	-	153,596	162,934
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2003	509,338	30,200	2,214,563	2,754,101
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 2002	29,701	11,519	887,717	928,937
Charge for the period	9,159	5,110	259,713	273,982
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2003	38,860	16,629	1,147,430	1,202,919
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2003	470,478	13,571	1,067,133	1,551,182
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2002	470,299	18,681	1,173,250	1,662,230
	<hr/>	<hr/>	<hr/>	<hr/>

The historical cost net book value of freehold buildings is:

	2003 £	2002 £
Cost	280,937	280,937
Accumulated depreciation	(32,333)	(27,952)
	<hr/>	<hr/>
Historical cost net book value	248,604	252,985
	<hr/>	<hr/>

The freehold property was revalued on 4th October 1999 by Lewis Doyle, Chartered Surveyors, on an existing use, open market value basis.

The net book value of tangible fixed assets includes an amount of £ 272,423 (2002: £459,89) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge for the year amounted to £78,300 (2002: £152,589).

INCLARITY PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

9. INVESTMENTS

	Associate Undertaking £	Subsidiary Undertakings £	Total £
Cost/market value			
At 1 April 2002	500	4	504
Additions	-	1	1
	<hr/>	<hr/>	<hr/>
Cost at 31 March 2003	500	5	505
	<hr/>	<hr/>	<hr/>

One new subsidiary undertaking was incorporated during the year. The subsidiary companies are Hitoori Limited, Hitoori.com Limited, ABS2net Limited, ABS Telecom Limited and Broadband Telephony Limited and are all wholly owned. All of the subsidiary undertakings are dormant and registered in England. See Note 13 for details of the associated undertaking.

10. DEBTORS

	2003 £	2002 £
Trade debtors	1,427,317	2,137,740
Prepayments	90,276	100,047
Other debtors	146,318	117,216
	<hr/>	<hr/>
	1,663,911	2,355,003
	<hr/>	<hr/>

Trade debtors include an amount of £363,249 assigned as security to a third party under an invoice discounting facility and against which £281,814 had been advanced to the group at the year end (see note 11).

Included in other debtors is a loan of £90,983 (2002: £90,983) to Tel 2000 Limited, a company in which Inclarity plc holds a 50% stake.

11. CREDITORS: Amounts falling due within one year

Bank loans (secured - see note 12)	13,000	13,000
Payments received on account	767,348	767,348
Trade creditors	1,067,841	1,700,497
Taxation and social security	188,467	312,742
Obligations under hire purchase and finance lease (secured)	92,899	264,142
Other creditors	600,823	126,657
Factor advances (see note 10)	281,814	569,162
Accruals	33,735	68,660
	<hr/>	<hr/>
	3,045,927	3,822,208
	<hr/>	<hr/>

The finance leases and hire purchase creditors are secured on the assets acquired.

INCLARITY PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

12. CREDITORS: Amounts falling due after more than one year	2003 £	2002 £
Bank loans (secured)	525,268	41,284
Obligations under finance leases and hire purchase (payable between one and five years)	-	92,095
	<u>525,268</u>	<u>133,379</u>
The bank loans fall due for repayment as follows:		
Within one year	13,000	13,000
Between one year and two years	63,000	13,000
Between two years and five years	162,268	28,284
After more than five years	300,000	-
	<u>538,268</u>	<u>54,284</u>

The bank loans are secured by a fixed and floating charge over the company's assets and are repayable on demand. Interest is charged at a fixed rate of 6.4%. The finance leases and hire purchase contracts are secured on the assets concerned.

13. INTEREST IN ASSOCIATED UNDERTAKING

The company holds 50% of the ordinary share capital of Tel 2000, a company that provides telecommunication services and which is registered in England.

The company's share of the associate's net liabilities is analysed as follows:

Share of turnover	224,102	233,238
	<u>224,102</u>	<u>233,238</u>
Share of assets		
Fixed assets	3,245	3,618
Current assets	52,331	42,708
	<u>55,576</u>	<u>46,326</u>
Share of liabilities due within one year	(205,569)	(211,743)
	<u>(205,569)</u>	<u>(211,743)</u>
Share of net liabilities	(149,993)	(165,417)
	<u>(149,993)</u>	<u>(165,417)</u>

During the year, the company invoiced for service charges of £29,623 (2002: £29,624) and telephone services of £351,241 (2002: £338,410) to Tel 2000 Limited. At 31 March 2003, the balance due from Tel 2000 Limited in respect of telephone services was £223,780 (2002: £239,292). The services were provided on normal commercial trading terms.

The company has also made an advance to Tel 2000 Limited. At 31 March 2003, the balance due from Tel 2000 Limited was £90,983 (2002: £90,983).

INCLARITY PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

14. SHARE CAPITAL	2003 £	2002 £
Authorised		
Ordinary shares of £1 each	5,000,000	5,000,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	1,155,267	1,155,267
	<u> </u>	<u> </u>

At 31 March 2003, the total number of ordinary shares over which the company had granted share options was 100,749 shares. The options are exercisable over varying periods, with the latest exercisable date of any option being 4 November 2006. The exercise price payable by the option holders is in the range of £3 to £7.25 per share.

15. CAPITAL & RESERVES	Revaluation reserve £	Share premium account £	Group profit & loss account £	Company profit & loss account £
At 1 April 2002	217,314	1,655,396	(2,261,873)	(2,095,956)
Loss for the period	-	-	(84,429)	(99,853)
Transfer of depreciation	(4,381)	-	4,381	4,381
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2003	212,933	1,655,396	(2,341,921)	(2,191,428)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

16. EQUITY SHAREHOLDERS' FUNDS

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Loss for the year	(84,429)	(525,617)	(99,853)	(509,519)
Opening shareholders' funds	766,104	1,291,721	932,021	1,441,540
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Closing shareholders' funds	681,675	766,104	(832,168)	932,021
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

INCLARITY PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

17. GROSS CASH FLOWS

	2003	2002
	£	£
Return on investment and servicing of finance		
Interest received	29,808	4,095
Interest paid	(77,860)	(73,707)
	<hr/>	<hr/>
	(48,052)	(69,612)
	<hr/>	<hr/>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(162,936)	(132,416)
Sale of tangible fixed assets	-	22,150
Purchase of intangible fixed assets	(606)	-
	<hr/>	<hr/>
	(163,542)	(110,266)
	<hr/>	<hr/>
Financing		
Repayment of bank loan	(16,016)	(10,946)
Finance Leases	-	-
Repayment of finance leases	(263,338)	(287,656)
Issue of shares	-	-
New bank loan	500,000	-
	<hr/>	<hr/>
	220,646	(298,602)
	<hr/>	<hr/>

18. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April	Cashflows	Other	At 31 March
	2002		changes	2003
	£	£	£	£
Cash at bank and in hand	853,751	317,290	-	1,171,041
Loans due within one year	(13,000)	-	-	(13,000)
Loans due after more than one year	(41,284)	(483,984)	-	(525,268)
Hire purchase	(356,237)	263,338	-	(92,899)
	<hr/>	<hr/>	<hr/>	<hr/>
	443,230	96,644	-	539,874
	<hr/>	<hr/>	<hr/>	<hr/>

INCLARITY PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

19. ULTIMATE CONTROLLER

The company is not controlled by any single individual or entity.

20. LEASING COMMITMENTS

At 31 March 2003, the company had the following annual commitments under non-cancellable operating leases in respect of land and building as follows:

	2003	2002
	£	£
Expiry date:		
Between one and five years	37,500	37,500
	<u> </u>	<u> </u>