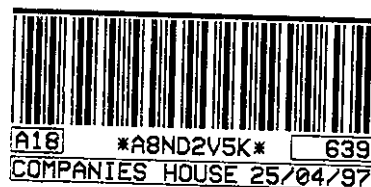


(COMPANY NUMBER: 2673686)

IMS COMMUNICATIONS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996



IMS COMMUNICATIONS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996

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IMS COMMUNICATIONS LIMITED
STATUTORY INFORMATION

DIRECTORS: P E Gibbs
J E Gibbs
J R Gibbs

SECRETARY: CK Corporate Services Limited

REGISTERED OFFICE: Flagstaff House
14 High Street
Twyford
Berkshire
RG10 9AE

BANKERS: Barclays Bank Plc
10 Hart Street
Henley-on-Thames
Oxfordshire
RG9 2AX

National Westminster Bank Plc
1 Church Street
Twyford
Berkshire
RG10 9DP

SOLICITORS: Clifton Ingram
22 Broad Street
Wokingham
Berkshire
RG11 1BA

AUDITOR: Clark Whitehill
Chartered Accountants
Kennet House
80 Kings Road
Reading
Berkshire
RG1 3BL

INCORPORATED: In England and Wales on 23 December 1991
Number: 2673686

IMS COMMUNICATIONS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 1996

DIRECTORS: P E Gibbs
J E Gibbs
J R Gibbs

The directors have pleasure in presenting their report and financial statements for the year ended 31 December 1996.

PRINCIPAL ACTIVITY

The principal activity of the company in the year was that of presentation and marketing consultants and the creation of computer based programmes, which incorporated graphical images, video and sound for conferences, exhibitions and in-house training.

DIRECTORS AND THEIR INTERESTS

The directors during the year and their beneficial interest in the share capital of the company were as follows:-

	Ordinary shares of \$1 each	
	31 December 1996	31 December 1995
P E Gibbs	3,334	3,334
J E Gibbs	3,334	3,334
J R Gibbs	3,334	3,334

AUDITORS

A resolution to re-appoint Clark Whitehill as auditors of the company will be proposed at the Annual General Meeting.

EXEMPTION

In preparing this report, the Board has taken advantage of special exemptions available to small companies.

Approved by the Board on 8 April 1997
and signed on its behalf by:-



P E Gibbs
DIRECTOR

IMS COMMUNICATIONS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the company at the end of the year 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 assume 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 or other irregularities.

AUDITORS' REPORT

TO THE SHAREHOLDERS OF IMS COMMUNICATIONS LIMITED

We have audited the financial statements on pages 5 to 11 which have been prepared under the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial 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.

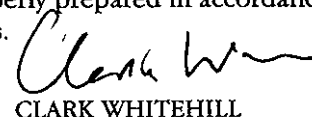
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial statements.

UNQUALIFIED OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 1996 and of the profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Reading

8 April 1997



CLARK WHITEHILL

Chartered Accountants
and Registered Auditors

IMS COMMUNICATIONS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1996

	Notes	1996 £	1995 £
TURNOVER	2	1,182,587	846,391
Cost of Sales		<u>819,305</u>	<u>559,104</u>
GROSS PROFIT		363,282	287,287
Distribution and Administrative Expenses		<u>294,416</u>	<u>263,740</u>
OPERATING PROFIT	3	68,866	23,547
Income from group undertakings		23,000	-
Interest Receivable		5,509	6,807
Interest payable		<u>(46)</u>	<u>-</u>
		<u>5,463</u>	<u>6,807</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		97,329	30,354
Tax on profit on ordinary activities	4	<u>21,871</u>	<u>9,926</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION TRANSFERRED TO RESERVES		<u>£ 75,458</u>	<u>£ 20,428</u>

The profit and loss account contains all the gains and losses recognised in the year.

The retained profit for the year is the only movement in shareholders' funds.

The notes on pages 7 to 11 form part of these financial statements.

IMS COMMUNICATIONS LIMITED
BALANCE SHEET
As At 31 DECEMBER 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Intangible assets	5	23,426	22,556
Tangible assets	6	60,978	62,794
Investments	7	<u>10,000</u>	<u>10,000</u>
		94,404	95,350
CURRENT ASSETS			
Stock and Work in Progress	8	3,249	2,490
Debtors	9	122,056	87,127
Cash at bank and in hand		<u>200,100</u>	<u>152,636</u>
		325,405	242,253
CREDITORS: Amounts falling due within one year	10	<u>172,872</u>	<u>166,124</u>
NET CURRENT ASSETS		<u>152,533</u>	<u>76,129</u>
		£ 246,937	£ 171,479
CAPITAL AND RESERVES			
Called up Share Capital	11	10,002	10,002
Profit and Loss account	12	<u>236,935</u>	<u>161,477</u>
SHAREHOLDERS' FUNDS		£ 246,937	£ 171,479

In preparing these financial statements the Board has taken advantage of special exemptions available to small companies on the grounds that the company qualifies as small for the year ended 31 December 1996.

Approved by the Board on 8 April 1997
and signed on its behalf by:



P E Gibbs
Director

The notes on pages 7 to 11 form part of these financial statements.

IMS COMMUNICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996

1. ACCOUNTING POLICIES

a) BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards. The directors have taken advantage of certain exemptions available to small companies under the Companies Act 1985 on the grounds that the company qualifies as a small company.

The company and its subsidiary comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

b) DEPRECIATION

Depreciation is calculated so as to write off the cost of tangible fixed assets by equal instalments over the estimated useful lives as follows:

Computer Equipment	3 years
Fixtures and Fittings	5 years
Office Equipment	5 years

c) STOCK AND WORK IN PROGRESS

Stock and work in progress is valued at the lower of cost and net realisable value.

d) DEFERRED TAXATION

Deferred taxation is accounted for using the liability method on all material timing differences to the extent that it is probable that liabilities or assets will crystallise. Advance corporation tax is carried forward to the extent that is expected to be recovered. Timing differences are taxable items, allowances or reliefs which are given effect to in taxation periods different from those in which they have effect in the financial statements. They comprise mainly accelerated tax depreciation allowances, short term timing differences and unrecovered advance corporation tax payments.

e) FOREIGN CURRENCIES

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences arising in the ordinary course of business are included in operating profit. Assets and liabilities in foreign currencies are translated into sterling at the appropriate rates ruling at the balance sheet date.

f) PENSION SCHEME

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as the liability for payment is incurred.

g) LEASED ASSETS

Rentals payable under operating leases are charged to the profit and loss account as incurred.

h) RESEARCH AND DEVELOPMENT

Expenditure on research is written off in the year in which it was incurred.

Expenditure on development is capitalised and amortised over the life of the project.

IMS COMMUNICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1996

2. TURNOVER

Turnover represents the net amounts invoiced to customers less trade discounts, excluding value added tax and sales of fixed assets.

The total turnover of the company for the year has been derived from its principal activity, of which 5.3% (1995: 3.0%) is attributable to geographical markets situated outside the United Kingdom.

3. OPERATING PROFIT

The operating profit is stated after charging:	1996 £	1995 £
Depreciation on Tangible Fixed Assets	32,249	32,915
Auditor's Remuneration - Audit Fees	5,225	4,900
- Non-audit Fees	430	1,600
Hire of Equipment	3,935	3,820
Rent of Premises	<u>29,794</u>	<u>18,601</u>

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

Corporation Tax at 25%	22,000	11,000
Adjustment to Previous Years	<u>(129)</u>	<u>(1,074)</u>
	<u>£ 21,871</u>	<u>£ 9,926</u>

5. INTANGIBLE FIXED ASSETS

	Development Expenditure £
<u>COST</u>	
At 1 January 1996	22,556
Development expenditure capitalised in the year	<u>9,879</u>
At 31 December 1996	<u>32,435</u>
<u>AMORTISATION</u>	
Charge for the year	<u>9,009</u>
At 31 December 1996	<u>9,009</u>
<u>NET BOOK VALUE</u>	
At 31 December 1996	<u>£ 23,426</u>
At 31 December 1995	<u>£ 22,556</u>

IMS COMMUNICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1996

6. TANGIBLE FIXED ASSETS

	Motor Vehicles £	Computer Equipment £	Fixtures & Fittings £	Office Equipment £	Total £
<u>COST</u>					
At 1 January 1996	7,952	65,018	9,866	14,082	96,918
Additions	-	25,289	10,209	1,653	37,151
Disposals	<u>(7,952)</u>	<u>-</u>	<u>-</u>	<u>(425)</u>	<u>(8,377)</u>
At 31 December 1996	<u>-</u>	<u>90,307</u>	<u>20,075</u>	<u>15,310</u>	<u>125,692</u>
<u>DEPRECIATION</u>					
At 1 January 1996	884	26,121	3,654	3,465	34,124
Charge for year	662	24,572	3,144	3,871	32,249
Disposals	<u>(1,546)</u>	<u>-</u>	<u>-</u>	<u>(113)</u>	<u>(1,659)</u>
At 31 December 1996	<u>-</u>	<u>50,693</u>	<u>6,798</u>	<u>7,223</u>	<u>64,714</u>
<u>NET BOOK VALUE</u>					
At 31 December 1996	<u>£ -</u>	<u>£ 39,614</u>	<u>£ 13,277</u>	<u>£ 8,087</u>	<u>£ 60,978</u>
At 31 December 1995	<u>£ 7,068</u>	<u>£ 38,897</u>	<u>£ 6,212</u>	<u>£ 10,617</u>	<u>£ 62,794</u>

7. INVESTMENTS

	1996 £	1995 £
At 1 January and 31 December 1996	<u>£ 10,000</u>	<u>£ 10,000</u>

The investment represents 100% of the £1 ordinary shares of Interactive Media Solutions Limited, a company registered in England and Wales.

The aggregate of the share capital and reserves of Interactive Media Solutions Limited at 31 December 1996 was £10,002, the company did not trade during the year.

Group accounts are not required as the directors consider the group to be small. The financial statements show information about the parent as an individual entity only.

8. STOCK AND WORK IN PROGRESS

	1996 £	1995 £
Work in Progress	<u>£ 3,249</u>	<u>£ 2,490</u>

9. DEBTORS

Trade Debtors	102,451	70,870
Other Debtors	4,769	5,551
Prepayments and Accrued Income	<u>14,836</u>	<u>10,706</u>
	<u>£ 122,056</u>	<u>£ 87,127</u>

Included within other debtors is an amount of £4,000 which is due in more than one year.

IMS COMMUNICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1996

10. CREDITORS: Amounts falling due within one year

	1996 £	1995 £
Trade Creditors	62,622	35,899
Amount due to Subsidiary Undertaking	10,224	33,224
Corporation Tax	27,264	16,264
Other Taxes and Social Security Costs	25,309	27,441
Accruals	<u>47,453</u>	<u>53,296</u>
	£ 172,872	£ 166,124

11. CALLED UP SHARE CAPITAL

Authorised:		
Ordinary Shares of £1 each	50,000	50,000
Preference Shares of £1 each	50,000	50,000
Non-Voting Shares of £1 each	<u>10,000</u>	<u>10,000</u>
	£ 110,000	£ 110,000
Allotted, Called Up and Fully Paid		
Ordinary Shares of £1 each	<u>£ 10,002</u>	<u>£ 10,002</u>

12. PROFIT AND LOSS ACCOUNT

At 1 January 1996	161,477	141,049
Retained profit for the year	<u>75,458</u>	<u>20,428</u>
At 31 December 1996	£ 236,935	£ 161,477

13. DIRECTORS' EMOLUMENTS

Salaries and Other Emoluments (including Benefits in Kind) excluding Pension Contributions	£ 105,833	£ 97,397
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14. CAPITAL COMMITMENTS

Authorised and contracted for	<u>£ -</u>	<u>£ 9,611</u>
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IMS COMMUNICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1996

15. OTHER FINANCIAL COMMITMENTS

Commitments under non cancellable operating leases existed as follows:

	1996 £	1995 £
Land and buildings	<u>£ 32,900</u>	<u>£ 18,600</u>

16. PENSION SCHEME

The company operates a defined contribution pension scheme for its directors, which is funded by contributions from the company, at rates determined by independent actuaries in the light of regular valuations. No valuation had been made during the account period.

The pension costs for the year amounted to £4,545 (1995: £3,600). No contributions were payable to the fund at the year end.

The contributions are held in a separately administered trust fund.

The company pays contributions into employees' personal pension schemes. The pension costs for the year amounted to £4,244 (1995: £1,478). There were no outstanding contributions at the year end.