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I-FAX LIMITED
FINANCIAL STATEMENTS

31 MARCH 1996

Registered No: 2701312



I-FAX LIMITED

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I-FAX LIMITED

COMPANY INFORMATION

Directors

Sir Gordon Booth (Chairman)
Mrs K L Bonham
R H Paul
C A Worthington

Secretary

C W Hamshaw Thomas

Registered office

I-Fax House
P.O. Box 97
Tadworth
Surrey KT20 5YD

Auditors

Badger Hakim
Tunsgate Square
98/110 High Street
Guildford
Surrey GU1 3HE

I-FAX LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements of the company for the year ended 31 March 1996.

Principal Activity

The principal activity of the company is the provision of an intelligent fax networking service whose purpose is to enable fax machines to interact with computer networks.

Results and dividends

The loss for the year after tax amounted to £1,834 (1995: Loss £26,543). The directors do not propose a dividend for the year.

Directors

The present directors of the company are set out on page 1. All of the directors served during the year.

The interests of the directors at the end of the year in the share capital of the company at 31 March are set out below:

	Ordinary shares of £1 each		Non-Voting 'B' Shares of £1 each	
	1996	1995	1996	1995
Sir Gordon Booth	60,000	60,000	-	-
Mrs K L Bonham	-	-	-	-
R H Paul	-	-	-	-
C A Worthington	-	-	-	-

10,000 ordinary shares of £1 each are held by a company registered in Vancouver B C of which the sole shareholder is R H Paul

I-FAX LIMITED

REPORT OF THE DIRECTORS (continued)

Directors' responsibility

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 for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and 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.

Advantage is taken in the preparation of the directors' report of the special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985. In the directors' opinion, the company is entitled to those exemptions as a small company.

The Report of the Directors was approved by the Board on 2 Sept 1996 and signed on its behalf by:


Sir Gordon Booth
Director

I-FAX LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF I-FAX LIMITED

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and 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 statements and to report our opinion to you.

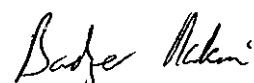
Basis of opinion

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 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 March 1996 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



Guildford

1996

Badger Hakim
Chartered Accountants
Registered Auditors

I-FAX LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1996

	Notes	1996 £	1995 £
Turnover	1	97,674	35,760
Cost of sales		-	-
Gross profit		97,674	35,760
Administrative expenses		(96,959)	(60,500)
Operating profit/(loss)	2	715	(24,740)
Interest receivable and similar income		-	12
Interest payable	4	(2,549)	(1,815)
Loss on ordinary activities before taxation		(1,834)	(26,543)
Tax on result on ordinary activities	5	-	-
Loss for the financial year		<u>(1,834)</u>	<u>(26,543)</u>

None of the company's activities were acquired or discontinued during the year.

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

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

I-FAX LIMITED

BALANCE SHEET AT 31 MARCH 1996

	Notes	1996 £	1995 £
Fixed assets	6		
Tangible assets		27,163	16,142
Intangible assets		49,385	65,847
		<u>76,548</u>	<u>81,989</u>
Current assets			
Debtors	7	17,660	5,019
Cash at bank and in hand		9,788	15,918
		<u>27,448</u>	<u>20,937</u>
Creditors: amounts falling due within one year	8	12,139	9,235
		<u>15,309</u>	<u>11,702</u>
Net current assets			
		91,857	93,691
Creditors: amounts falling due after more than one year	9	(25,000)	(25,000)
		<u>66,857</u>	<u>68,691</u>
Net assets			
Capital and reserves			
Called up share capital	10	225,062	225,062
Profit and loss account	11	(158,205)	(156,371)
		<u>66,857</u>	<u>68,691</u>

Advantage is taken in the preparation of the financial statements of the special exemptions applicable to small companies conferred by Part I of Schedule 8 to the Companies Act 1985. In the directors' opinion, the company is entitled to those exemptions as a small company.

The financial statements were approved by the Board on 2 Sept 1996 and signed on its behalf by:


Sir Gordon Booth
Director

I-FAX LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 1996

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards 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 financial statements have been prepared under the historical cost convention.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental cost of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their residual values on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used are:

Computer equipment	20%
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Intangible fixed asset

The software licence is amortised at 25% per annum on a reducing balance basis.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied.

Taxation

Due to losses being incurred it is not deemed necessary to provide for any charge for taxation on the results for the year nor take into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes.

Cashflow

A cash-flow statement has not been published as the company is exempt from the requirement to do so under the provisions of Financial Reporting Standard 1.

I-FAX LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 1996 (continued)

2. OPERATING LOSS

Operating loss for the year is arrived at after charging:

	1996 £	1995 £
Auditors remuneration	500	500
Depreciation of tangible fixed assets	9,054	5,710
Amortisation of intangible fixed assets	16,462	21,949

3. DIRECTORS

Emoluments

None of the directors received any emoluments from the company during the year.

4. INTEREST PAYABLE

	1996 £	1995 £
On bank loans and overdrafts	-	-
On other loans	2,549	1,815
	<u>2,549</u>	<u>1,815</u>

5. TAXATION

	1996 £	1995 £
Taxation charge for the year		
Corporation tax at 25% (1995: 25%)	-	-

I-FAX LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 1996 (continued)

6. FIXED ASSETS Tangible Fixed Assets

	Fixtures & fittings £	Total £
Cost or valuation		
At 1 April 1995	28,550	28,550
Additions	20,075	20,075
	<hr/>	<hr/>
At 31 March 1996	48,625	48,625
	<hr/>	<hr/>
Depreciation		
At 1 April 1995	12,408	12,408
Charged in year	9,054	9,054
	<hr/>	<hr/>
At 31 March 1996	21,462	21,462
	<hr/>	<hr/>
Net book value		
At 31 March 1996	27,163	27,163
	<hr/>	<hr/>
At 31 March 1995	16,142	16,142
	<hr/>	<hr/>

Intangible Fixed Assets

	Software licence £
Cost or valuation	
At 1 April 1995 and at 31 March 1996	117,062
	<hr/>
Amortisation	
At 1 April 1995	51,215
Charged in year	16,462
	<hr/>
At 31 March 1996	67,677
	<hr/>
Net book value	
At 31 March 1996	49,385
	<hr/>
At 31 March 1995	65,847
	<hr/>

I-FAX LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 1996
(continued)

7. DEBTORS

	1996 £	1995 £
Amounts falling due within one year		
Trade debtors	17,660	5,000
Prepayments and accrued income	-	19
	<u>17,660</u>	<u>5,019</u>

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £	1995 £
Accruals and deferred income	11,155	9,235
Other creditors	984	-
	<u>12,139</u>	<u>9,235</u>

9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1996 £	1995 £
Loan from director	25,000	25,000
	<u>25,000</u>	<u>25,000</u>

I-FAX LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 1996
(continued)

10. SHARE CAPITAL

	1996 £	1995 £
Authorised		
200,000 Ordinary shares of £1 each	200,000	200,000
100,000 Non-voting 'B' shares of £1 each	100,000	100,000
	<u>300,000</u>	<u>300,000</u>
Allotted and fully paid		
145,255 Ordinary shares of £1 each	145,255	145,255
79,807 Non-voting 'B' shares of £1 each	79,807	79,807
	<u>225,062</u>	<u>225,062</u>

11. PROFIT AND LOSS ACCOUNT

	£
At 1 April 1995	(156,371)
Retained loss for the year	(1,834)
	<u> </u>
At 31 March 1996	<u>(158,205)</u>

**12. RECONCILIATION OF MOVEMENT
IN SHAREHOLDERS FUNDS**

	1996 £	1995 £
(Loss) for the financial year	(1,834)	(26,543)
Opening shareholders fund	68,691	87,234
Shares allotted	-	8,000
	<u> </u>	<u> </u>
Closing shareholders fund	<u>66,857</u>	<u>68,691</u>