

Xpedite Systems Limited

Annual report and accounts
for the year ended 31 December 2000

Registered number: 2778084



Directors' report

For the year ended 31 December 2000

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 31 December 2000.

Principal activity and business review

The principal activity of the company is to provide a facsimile broadcast service and other related enhanced facsimile and messaging services. The year saw further progress and the results, as disclosed within the accompanying accounts, are considered satisfactory.

Results and dividends

The audited accounts for the year ended 31 December 2000 are set out on pages 4 to 14. The profit for the year after taxation was £1,529,158 (1999 - £771,156).

The directors recommend the payment of a dividend of 10p per cumulative redeemable preference share (1999 - 10p per cumulative redeemable preference share).

Directors and their interests

The directors who served during the year were as follows:

J. Stone	(appointed 19 January 2000)
P. Jones	(appointed 15 February 2000)
I. Bedford	
J. H. Casson	(resigned 19 January 2000)
D. Walker	(appointed 4 January 2001)

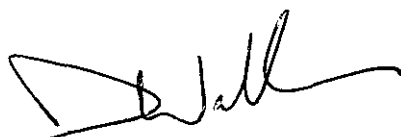
None of the directors had any interests in the shares of the company at the beginning or end of the financial year.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

Xpedite House
Pioneer Business Park
Amy Johnson Way
Clifton Moor
York YO30 4GJ

By order of the Board,



D. Walker
Director

14 November 2001

Directors' responsibilities

Company law requires the directors to prepare accounts 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 period. In preparing those accounts, 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 accounts; and
- prepare the accounts 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 accounts 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.

To the Shareholders of Xpedite Systems Limited

We have audited the accounts on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 December 2000 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

1 City Square
Leeds
LS1 2AL

14 November 2001

Profit and loss account

For the year ended 31 December 2000

	Notes	2000 £	1999 £
Turnover	1	12,917,263	14,620,037
Cost of sales		(4,065,144)	(4,473,236)
Gross profit		8,852,119	10,146,801
Administrative expenses		(6,903,693)	(7,491,852)
Operating profit		1,948,426	2,654,949
Interest receivable and similar income		108,110	47,115
Interest payable and similar charges	2	(178,231)	(13,211)
Profit on ordinary activities before taxation	3	1,878,305	2,688,853
Tax on profit on ordinary activities	6	(111,647)	(1,917,697)
Profit on ordinary activities after taxation		1,766,658	771,156
Dividends paid and proposed	7	(237,500)	(237,500)
Retained profit for the year	13	1,529,158	533,656

The movement on reserves is shown in note 13 to the accounts.

There are no recognised gains or losses in either year other than the result for that year, all of which is derived from continuing operations.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet

31 December 2000

	Notes	2000 £	1999 £
Fixed assets			
Tangible assets	8	3,838,378	3,001,728
Investments	9	8,433,196	8,433,196
		<u>12,271,574</u>	<u>11,434,924</u>
Current assets			
Debtors	10	3,943,614	3,059,495
Cash at bank and in hand		1,686,427	1,800,229
		<u>5,630,041</u>	<u>4,859,724</u>
Creditors: Amounts falling due within one year	11	<u>(6,476,572)</u>	<u>(6,398,763)</u>
Net current liabilities		<u>(846,531)</u>	<u>(1,539,039)</u>
Net assets		<u>11,425,043</u>	<u>9,895,885</u>
Capital and reserves			
Called-up share capital	12	6,351,711	6,351,711
Profit and loss account	13	5,073,332	3,544,174
Shareholders' funds	14	<u>11,425,043</u>	<u>9,895,885</u>
Shareholders' funds may be analysed as:			
Equity interests		9,050,043	7,520,885
Non-equity interests		2,375,000	2,375,000
		<u>11,425,043</u>	<u>9,895,885</u>

The accounts on pages 4 to 14 were approved by the board of directors on 14 November 2001 and signed on its behalf by:



D. Walker

Director

The accompanying notes are an integral part of this balance sheet.

Statement of accounting policies

31 December 2000

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of Xpedite Systems Holdings (UK) Limited which prepares consolidated accounts which are publicly available.

Under the provisions of FRS 1 (Revised), the company has not prepared a cash flow statement because its ultimate parent company, Premiere Technologies Inc., has prepared consolidated accounts which include the accounts of the company.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	50 years
Computers, equipment and furniture	3 - 5 years

Investments

Fixed asset investments are shown at cost less provision for impairment.

Taxation

UK corporation tax payable is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided using the liability method on all timing differences only to the extent that it is expected to become payable in the foreseeable future.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Statement of accounting policies (continued)

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All exchange differences are included in the profit and loss account.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Notes to the accounts

31 December 2000

1 Segment information

All turnover is derived from the company's principal activity, which is the provision of a facsimile broadcast service and other related enhanced facsimile and messaging services. All turnover relates to continuing operations.

Geographical segments:

	2000 £	1999 £
Turnover by destination		
United Kingdom	12,180,980	11,839,305
Europe	568,359	1,805,575
Rest of the world	167,924	975,157
Total	12,917,263	14,620,037

All turnover originates in the United Kingdom.

2 Interest payable and similar charges

	2000 £	1999 £
Interest on loans repayable within five years	178,231	13,211

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging (crediting):

	2000 £	1999 £
Depreciation of tangible fixed assets	876,477	843,235
Operating lease rentals		
- plant and machinery	77,167	63,676
- land and buildings	79,068	536,748
Profit on sale of tangible fixed assets	(153,020)	(5,834)
Auditors' remuneration		
- for audit services	53,141	43,129
- for non-audit services	32,587	17,700

Notes to the accounts (continued)

4 Staff costs

The average monthly number of employees (including executive directors) was:

	2000 Number	1999 Number
Sales	39	30
Administration	74	62
	<u>113</u>	<u>92</u>

	2000 £	1999 £
Their aggregate remuneration comprised:		
Wages and salaries	3,767,857	3,205,770
Social security costs	382,554	311,944
	<u>4,150,411</u>	<u>3,517,714</u>

5 Directors' remuneration

Remuneration

The remuneration of the directors was as follows:

	2000 £	1999 £
Emoluments	270,200	239,422
Compensation for loss of office	-	96,939
	<u>207,200</u>	<u>336,361</u>

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2000 £	1999 £
Emoluments	168,659	160,040
Compensation for loss of office	-	96,939
	<u>168,659</u>	<u>256,979</u>

None of the directors was a member of a pension scheme (1999 – none).

Notes to the accounts (continued)

6 Tax on profit on ordinary activities

The tax charge comprises:

	2000 £	1999 £
UK corporation tax	178,250	2,131,520
	<u>178,250</u>	<u>2,131,520</u>
Adjustments in respect of prior years		
- UK corporation tax	(66,603)	(213,823)
	<u>111,647</u>	<u>1,917,697</u>

At 31 December 2000 there was no potential deferred tax liability (1999 - £nil). The amount of unrecognised deferred tax asset in respect of timing differences was £949,211 (1999 - £96,041).

7 Dividends paid and proposed on equity and non-equity shares

	2000 £	1999 £
<i>Non-equity shares</i>		
- cumulative redeemable preference share dividend	237,500	237,500
	<u>237,500</u>	<u>237,500</u>

Notes to the accounts (continued)

8 Tangible fixed assets

	Freehold land and buildings £	Computers, equipment and furniture £	Total £
Cost			
At 1 January 2000	1,124,948	4,920,651	6,045,599
Additions	129,388	1,622,252	1,751,640
Disposals	-	(65,234)	(65,234)
At 31 December 2000	<u>1,254,336</u>	<u>6,477,669</u>	<u>7,732,005</u>
Depreciation			
At 1 January 2000	40,957	3,002,914	3,043,871
Charge for the year	21,018	855,459	876,477
Disposals	-	(26,721)	(26,721)
At 31 December 2000	<u>61,975</u>	<u>3,831,652</u>	<u>3,893,627</u>
Net book value			
At 31 December 2000	<u>1,192,361</u>	<u>2,646,017</u>	<u>3,838,378</u>
At 31 December 1999	<u>1,083,991</u>	<u>1,917,737</u>	<u>3,001,728</u>

Freehold land, amounting to £150,000 (1999 - £150,000) has not been depreciated.

9 Fixed asset investments – subsidiary undertakings

	2000 £	1999 £
Cost and net book value at 1 January 2000 and 31 December 2000	<u>8,433,196</u>	<u>8,433,196</u>

The company owns 100% of the ordinary share capital of Transmit International Limited and of Connaught Commercial Services Limited. Both companies are non-trading and are incorporated in England and Wales.

The directors consider that the investments have suffered no impairment in value and it is appropriate to carry the investments at cost.

Notes to the accounts (continued)

10 Debtors

	2000 £	1999 £
Trade debtors	3,056,954	2,701,564
Amounts owed by subsidiary undertakings	207,166	162,619
UK Corporation tax	397,141	-
Other debtors and prepayments	282,353	195,312
	<u>3,943,614</u>	<u>3,059,495</u>

11 Creditors: Amounts falling due within one year

	2000 £	1999 £
Trade creditors	1,929,292	1,424,917
Amounts owed to group undertaking	3,992,715	1,942,103
UK Corporation tax	-	2,700,399
Other taxation and social security	413,508	228,951
Other creditors and accruals	141,057	102,393
	<u>6,476,572</u>	<u>6,398,763</u>

12 Called-up share capital

	2000 £	1999 £
<i>Authorised</i>		
10,219,168 ordinary shares of £1 each	10,219,168	10,219,168
250,000 A ordinary shares of £1 each	250,000	250,000
2,775,000 cumulative redeemable preference shares of £1 each	2,775,000	2,775,000
2,712,094 cumulative redeemable A preference shares of £1 each	2,712,094	2,712,094
6,238,778 cumulative redeemable B preference shares of £1 each	6,238,778	6,238,778
	<u>22,195,040</u>	<u>22,195,040</u>
<i>Allotted, called-up and fully-paid</i>		
10,103,086 ordinary shares of £1 each	3,726,711	3,726,711
250,000 A ordinary shares of £1 each	250,000	250,000
2,375,000 cumulative redeemable preference shares of £1 each	2,375,000	2,375,000
	<u>6,351,711</u>	<u>6,351,711</u>

The ordinary and A ordinary shares have equal voting rights. None of the cumulative redeemable preference shares has voting rights. The A ordinary shares rank *pari passu* to the ordinary shares for dividend and in priority to them for capital distribution purposes, but behind the cumulative redeemable preference shares for both.

Notes to the accounts (continued)

12 Called-up share capital (continued)

No dividends were payable in respect of the cumulative redeemable preference shares in respect of accounting periods up to 31 December 1996. Subject to availability of appropriate distributable reserves, dividends are to be declared payable in respect of subsequent periods at the rate of 10% of the paid up amount. The dividend amount in respect of the year was £237,500 (1999 - £237,500). The cumulative redeemable preference shares were originally redeemable when the agreement was reached for the sale of the ordinary and A ordinary shares, but instead were acquired under the terms of the eventual sale agreement and remain in issue but may be redeemed at anytime.

13 Profit and loss account

	£
At 1 January 2000	3,544,174
Retained profit for the year	1,529,158
At 31 December 2000	5,073,332

14 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Profit for the financial year	1,766,658	771,156
Dividends and redemption premium	(237,500)	(237,500)
Net addition to shareholders' funds	1,529,158	533,656
Opening shareholders' funds	9,895,885	9,362,229
Closing shareholders' funds	11,425,043	9,895,885

15 Financial commitments

There are no capital commitments outstanding at the year end (1999 - £nil).

Annual commitments under non-cancellable operating leases are as follows:

	2000		1999	
	Land and buildings £	Other £	Land and Buildings £	Other £
Expiry date				
- within one year	-	10,349	-	3,644
- between two and five years	-	46,661	-	58,269
- after five years	223,374	-	223,374	785
	223,374	57,010	223,374	62,698

Notes to the accounts (continued)

16 Ultimate controlling party

The directors regard Premier Technologies Inc., a company incorporated in the USA, as the ultimate parent company and the ultimate controlling party.

Premier Technologies Inc. is the parent company of the largest group of which the company is a member and for which group accounts are drawn up. Copies of the accounts are available from 3399 Peachtree Road, NE, The Lennox Building, Suite 600, Atlanta, Georgia 303326, USA.

Xpedite Systems Holdings (UK) Limited is the parent company of the smallest group of which the company is a member and for which group accounts are drawn up. Copies of the accounts are available from Xpedite House, Pioneer Business Park, Amy Johnson Way, Clifton Moor, York YO30 4GJ.

As a subsidiary undertaking of Premiere Technologies Inc., the company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Premiere Technologies Inc.