

COMPANY NO: 2870535

THE INDEPENDENT RESEARCH GROUP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31st March 2000



THE INDEPENDENT RESEARCH GROUP LIMITED

REPORT OF THE DIRECTORS

For the year ended 31st March 2000

The Directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 31st March 2000.

Activity

The company's principal activity is a holding company.

Review of business and future developments

A summary of the company's trading during the year is shown in the profit and loss account on page 6. The directors consider that this level of activity will continue.

Research and development activity

The group is developing new software and databases in areas in which the company is not currently operating. This will enable the group to achieve rapid organic growth.

Dividends and reserves

A dividend is proposed for the A shares of £14.576 per 1p share in accordance with the rights attached to these shares (see note 20).

THE INDEPENDENT RESEARCH GROUP LIMITED

Donations

The group made charitable donations of £742 in the year. No political contributions were made. No charitable donations or political contributions were made by the parent company.

Directors and their share interests

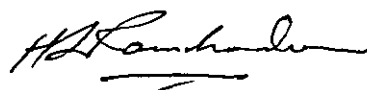
The directors who held office during the year and their interests in the share capital of the company are shown below.

	Interest in ordinary shares of 1p each: <u>At 31 March 2000</u>	Interest in ordinary shares of 1p each: <u>At 31 March 1999</u>
A Whitehead	1940	2000
D Lee	1100	1100
M Hayes-Newington	1620	1620
E Jones (non-executive)	150	150
H Ramchandani	60	-
M Farrant (non-executive)	-	-

Auditors

A resolution to re-appoint the auditors, PricewaterhouseCoopers, will be proposed at the Annual General Meeting.

By order of the Board



Harish Ramchandani
Company Secretary

Registered Office:

Financial Research Centre
Haddenham Aerodrome
Haddenham
Nr. Aylesbury
Bucks
HP17 8LJ

THE INDEPENDENT RESEARCH GROUP LIMITED

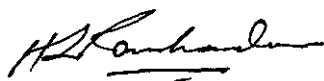
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the group and of the profit or loss of the company and the group for that period. In preparing those financial statements, the Directors are required to:-

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- (d) 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 of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BY ORDER OF THE BOARD



Harish Ramchandani
Company Secretary

THE INDEPENDENT RESEARCH GROUP LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF THE INDEPENDENT RESEARCH GROUP LIMITED

We have audited the financial statements on pages 6 to 25 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 4, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the group 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

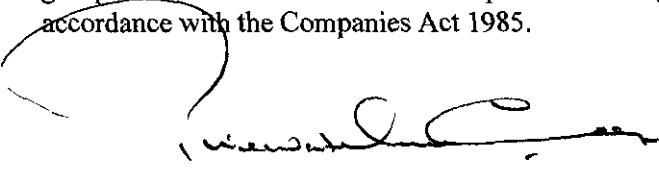
Basis of audit opinion

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 affairs of the company and the group at 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Milton Keynes

11 August 2000

THE INDEPENDENT RESEARCH GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31st March 2000

	<u>Notes</u>	<u>2000</u> £	<u>1999</u> £
Turnover:	1 & 2	3,831,031	3,052,269
Cost of sales:		(217,096)	(243,865)
Gross profit		<u>3,613,935</u>	<u>2,808,404</u>
Net operating expenses:		(2,989,494)	(2,294,516)
Exceptional items	8	-	(347,826)
Total net operating expenses		<u>(2,989,494)</u>	<u>(2,642,342)</u>
Operating profit:		624,441	513,888
Exceptional items	8	-	(347,826)
Total operating profit		<u>624,441</u>	<u>166,062</u>
Interest receivable	3	18,446	27,929
Interest payable	4	(184,227)	(116,008)
Profit on ordinary activities before tax	5	<u>458,660</u>	<u>77,983</u>
Tax on profit on ordinary activities	9	(120,913)	(45,986)
Profit on ordinary activities after tax		337,747	31,997
Dividends	10	(34,400)	-
Retained profit for the year	21	<u>303,347</u>	<u>31,997</u>

The above results all arise from continuing activities.

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

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

The notes on pages 10 to 25 form part of these financial statements.

Auditors' report - page 5.

THE INDEPENDENT RESEARCH GROUP LIMITED

CONSOLIDATED BALANCE SHEET

As at 31st March 2000

	<u>Notes</u>	<u>2000</u> £	<u>1999</u> £
FIXED ASSETS			
Intangible assets (software and databases)	1 & 12	923,653	704,755
Tangible assets	13	528,023	233,370
		<u>1,451,676</u>	<u>938,125</u>
CURRENT ASSETS			
Debtors	15	1,933,987	1,408,248
Cash in hand and at bank		612,103	1,092,472
		<u>2,546,090</u>	<u>2,500,720</u>
CREDITORS: Due within 1 year			
Creditors	16	1,484,543	853,144
Deferred income	1	691,403	646,309
		<u>2,175,946</u>	<u>1,499,453</u>
Net current assets		<u>370,144</u>	<u>1,001,267</u>
Total assets less current liabilities		<u>1,821,820</u>	<u>1,939,392</u>
CREDITORS: Due after more than 1 year			
Loan	18	1,264,364	1,806,230
Obligations due under finance leases	19	125,700	4,753
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred tax	17	-	-
Net assets		<u>431,756</u>	<u>128,409</u>
CAPITAL AND RESERVES			
Called up share capital fully paid	20	86	86
Capital Redemption Reserve	21	14	14
Share Premium	21	75,000	75,000
Profit and loss account	21	356,656	53,309
Equity shareholders' funds	21	<u>431,756</u>	<u>128,409</u>

The financial statements were approved by the board of directors on 8 August 2000 and are signed on its behalf by:

Alastair Whitehead - Director

Mark Hayes-Newington - Director

The notes on pages 10 to 25 form part of these financial statements.
Auditors' report - page 5.

THE INDEPENDENT RESEARCH GROUP LIMITED

BALANCE SHEET

As at 31st March 2000

	Notes	2000 £	1999 £
FIXED ASSETS			
Investments	14	396,888	396,888
CURRENT ASSETS			
Debtors	15	1,957,682	1,345,536
Cash in hand and at bank		-	602,728
		<u>1,957,682</u>	<u>1,948,264</u>
CREDITORS: Due within 1 year	16	1,005,215	555,129
Net current assets		<u>952,467</u>	<u>1,393,135</u>
Total assets less current liabilities		<u>1,349,355</u>	<u>1,790,023</u>
CREDITORS: Due after more than 1 year			
Loan	18	1,264,364	1,806,230
Net assets/(liabilities)		<u>84,991</u>	<u>(16,207)</u>
CAPITAL AND RESERVES			
Called up share capital fully paid	20	86	86
Capital redemption reserve	21	14	14
Share premium	21	75,000	75,000
Profit and loss account	11 & 21	9,891	(91,307)
Equity shareholders' funds/(deficit)		<u>84,991</u>	<u>(16,207)</u>

The financial statements were approved by the board of directors on 8 August 2000 and are signed on its behalf by:

Alastair Whitehead - Director

Mark Hayes-Newington - Director

The notes on pages 10 to 25 form part of these financial statements.

Auditors' report - page 5.

THE INDEPENDENT RESEARCH GROUP LIMITED

Consolidated cash flow statement for the year ended 31 March 2000

	<u>Notes</u>	<u>2000</u> £	<u>2000</u> £	<u>1999</u> £	<u>1999</u> £
Net cash inflow from operating activities	22		678,803		1,114,469
Returns on investments and servicing of finance					
Interest element of finance leases		(14,566)		(9,871)	
Interest received		18,446		27,929	
Interest paid		(139,071)		(116,008)	
Net cashflow from returns on investment and servicing of finance			(135,191)		(97,950)
Taxation (Paid)/Repaid			87,059		(346,467)
Capital expenditure and financial investment					
Purchase of tangible fixed assets			(242,559)		(123,021)
Purchase of intangible fixed assets			(613,715)		(218,603)
Sale of tangible fixed assets			-		3,200
Acquisitions					
Purchase of subsidiary undertaking (minority interest)			-		(10,000)
Net cash outflow for acquisitions			-		(10,000)
Net cashflow before use of liquid resources & financing			(225,603)		321,628
Financing					
Cash from Capital Raising			-		1,072,392
Repayment of loan			(180,622)		-
Expenses related to capital raising			-		(337,844)
Capital element of finance lease payments			(74,144)		(63,804)
Net cashflow from financing			(254,766)		670,744
(Decrease)/Increase in net cash			(480,369)		992,372

THE INDEPENDENT RESEARCH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31st March 2000

1. Principal accounting policies

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards in the United Kingdom.

a) Turnover and future update costs

Turnover represents fees invoiced or to be invoiced under a contract for subscription (excluding VAT) less a provision for future update costs. The provision for deferred income is made to cover the costs directly associated with the supply of data updates in respect of invoiced rentals which relate to a period after the balance sheet date. The provision amounts to 35% of such rentals attributed to that period. Turnover is all derived from the United Kingdom.

b) Tangible fixed assets

Tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition. Provision for depreciation is made so as to write off the cost of fixed assets over their expected useful life. The principal rate used for this purpose is:-

Equipment, fixtures and fittings	20% to 33 1/3 %.
Leasehold improvements	20%

c) Intangible fixed assets - database and systems

(i) Costs incurred in initially collating and verifying new databases and developing the associated software are capitalised. From the point at which the company begins to benefit from such databases, all subsequent costs in maintaining, updating and enlarging the databases are charged to the profit and loss account as incurred. The capitalised costs of databases and associated software are amortised over a period of 3 to 5 years on a straight line basis commencing from the date when the business will benefit from these. In these circumstances the directors consider that they are justified in not treating unamortised development costs as a realised loss when calculating distributable profits.

(ii) The cost of acquired databases and software are depreciated over 3 to 5 years from the date of acquisition.

d) Deferred taxation

Provision is made for deferred tax at the rate of corporation tax ruling at the year end (the liability method) in respect of any timing differences which are expected to result in a tax liability in the foreseeable future.

e) Leased assets

Where assets are financed by leasing arrangements that give rights approximating to ownership, 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 or the fair value of the asset on purchase. The corresponding lease commitments are shown as obligations to the lessor. Depreciation on the relevant assets is charged to operating profit. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account using the actuarial method. All other leases are operating leases and the annual rentals are charged to operating profit on a straight line basis over the lease term.

THE INDEPENDENT RESEARCH GROUP LIMITED

f) Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill arising prior to the year ended 31 March 1999 on the acquisition of subsidiaries and associates was written off immediately against reserves and would be charged in the profit and loss account when the business to which it relates is subsequently disposed of. Other purchased goodwill is eliminated by amortisation through the profit and loss account over its useful economic life.

g) Foreign Exchange Transactions

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

2. Turnover

The geographical analysis for the group is

	<u>2000</u>	<u>1999</u>
United Kingdom	3,667,068	2,989,911
Europe	163,963	62,358
	<u>3,831,031</u>	<u>3,052,269</u>

3. Interest receivable

	<u>2000</u> £	<u>1999</u> £
Bank deposit interest	17,394	25,730
Third party interest received	1,052	2,199
	<u>18,446</u>	<u>27,929</u>

4. Interest payable

	<u>2000</u> £	<u>1999</u> £
Loan interest payable (Note 18)	189,654	105,194
Bank loans and overdrafts	279	138
Other loans	(5,706)	10,676
	<u>184,227</u>	<u>116,008</u>

THE INDEPENDENT RESEARCH GROUP LIMITED

5. Profit on ordinary activities before tax

Profit on ordinary activities before tax is stated after charging:

	<u>2000</u> £	<u>1999</u> £
Auditors' remuneration: audit - group	18,000	17,500
non-audit -group	19,344	188,435
Operating lease rentals:		
Equipment including motor vehicles	85,610	76,907
Land and buildings	103,408	46,800
Profit on sale of fixed assets	-	1,440
Finance charges on finance leases	12,575	9,871
Depreciation:		
Tangible fixed assets (purchased)		
- charged to profit and loss	114,656	91,645
Tangible fixed assets (finance leases)		
- charged to profit and loss	73,135	62,159
Amortisation of intangible fixed assets	394,817	228,034

6. Directors' emoluments

a) Directors' emoluments comprise the following:-

	<u>2000</u> £	<u>1999</u> £
Aggregate emoluments	372,923	341,167
Compensation for loss of office	-	10,000

There are no retirement benefits accruing to any director.

b) The emoluments, excluding pension contributions of directors of the group, are as follows:

	<u>2000</u> £	<u>1999</u> £
Highest paid director	90,009	86,186

THE INDEPENDENT RESEARCH GROUP LIMITED

7. Employee information

- a) The average number of persons employed by the group, including executive directors, during the year was 56 (1999 : 43). These comprised:

	<u>2000</u>	<u>1999</u>
Research	31	20
Administrative	18	14
Sales & Marketing	7	9
Total	<u>56</u>	<u>43</u>

- b) Employee costs of all employees included above.

	<u>2000</u> £	<u>1999</u> £
Gross wages and salaries	1,396,764	1,102,830
Social security costs	138,935	115,021
	<u>1,535,699</u>	<u>1,217,851</u>

8. Exceptional item

- a) On 21 September 1998, the Group undertook a capital raising exercise. The costs amounted to £337,844 and have been written off in the year.
- b) On 8 September 1998 the company increased its holding in The Research Department Limited Europe Ltd (TRDE Ltd) by a further 18% bringing its total holding to 100%. The goodwill on consolidation amounted to £9,982 and has been written off in the year ended 31 March 1999.

9. Taxation on profit on ordinary activities

	<u>2000</u> £	<u>1999</u> £
United Kingdom corporation tax at 30% (1999: 31%)	117,920	41,000
Prior year adjustment		
- corporation tax	2,993	4,986
- deferred tax	-	-
	<u>120,913</u>	<u>45,986</u>

THE INDEPENDENT RESEARCH GROUP LIMITED

10. Equity – A ordinary

	<u>2000</u>	<u>1999</u>
Proposed £14.576 per 1p share	34,400	-

11. Profit for the financial year (Company)

As permitted by Section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The parent company made a profit of £101,198 (1999: Loss £270,445).

THE INDEPENDENT RESEARCH GROUP LIMITED

12. Intangible fixed assets (Group)

Intangible fixed assets represents expenditure in acquiring or developing databases and associated systems software.

	£	£	£
	<u>Acquired</u>	<u>Developed</u>	<u>Total</u>
<u>Cost</u>			
At 1 April 1999	339,812	1,013,890	1,353,702
Expenditure	389,691	224,024	613,715
Disposals	-	-	-
At 31 March 2000	<u>729,503</u>	<u>1,237,914</u>	<u>1,967,417</u>
<u>Depreciation</u>			
At 1 April 1999	153,078	495,869	648,947
Charge for year	211,478	183,339	394,817
At 31 March 2000	<u>364,556</u>	<u>679,208</u>	<u>1,043,764</u>
Net book value at 31 March 2000	<u>364,947</u>	<u>558,706</u>	<u>923,653</u>
Net book value at 31 March 1999	<u>186,734</u>	<u>518,021</u>	<u>704,755</u>

THE INDEPENDENT RESEARCH GROUP LIMITED

13. Tangible fixed assets (Group)

Tangible fixed assets comprise of computers, equipment, fixtures and fittings and motor vehicles.

	£	£	£
	<u>Leased</u>	<u>Purchased</u>	<u>Totals</u>
<u>Cost</u>			
At 1 April 1999	225,612	390,833	616,445
Expenditure	239,885	242,559	482,444
Disposals	-	(73,858)	(73,858)
At 31 March 2000	<u>465,497</u>	<u>559,534</u>	<u>1,025,031</u>
<u>Depreciation</u>			
At 1 April 1999	148,187	234,888	383,075
Charge for year	73,135	114,656	187,791
Disposals	-	(73,858)	(73,858)
At 31 March 2000	<u>221,322</u>	<u>275,686</u>	<u>497,008</u>
Net book value at 31 March 2000	<u>244,175</u>	<u>283,848</u>	<u>528,023</u>
Net book value at 31 March 1999	<u>77,425</u>	<u>155,945</u>	<u>233,370</u>

THE INDEPENDENT RESEARCH GROUP LIMITED

14. Investments

Interests in group undertakings (Company)

	<u>2000</u> £	<u>1999</u> £
Shares in group undertakings	23,397	23,397
ESOP investment in ordinary shares	373,491	373,491
	<u>396,888</u>	<u>396,888</u>

The market value of the investment in The Independent Research Group Ltd Employee Share Ownership Plan in the ordinary shares at 31 March 2000 was at least £373,491 (see note 25).

The following information relates to the company's subsidiary undertakings, all of which have been consolidated in the group's results.

<u>Name of undertaking</u>	<u>Country of incorporation and operation</u>	<u>Description of interest held by the group and the company</u>	<u>% of equity and votes held</u>	<u>Activity</u>
The Research Department Ltd	England and Wales	2 ordinary £1 shares	100%	Provision of research data to the financial services industry
The Research Department Europe Ltd	England and Wales	100 ordinary £1 shares	100%	Provision of research data to the European financial services industry
New Business Solutions Ltd	England and Wales	2 ordinary £1 shares	100%	Dormant
Fundnet Ltd	England and Wales	2 ordinary £1 shares	100%	Dormant
Infowise Computer Telecommunications Ltd	England and Wales	51 ordinary £1 shares	51%	Dormant
Independent Line Ltd	England and Wales	2 ordinary £1 shares	100%	Dormant

THE INDEPENDENT RESEARCH GROUP LIMITED

15. Debtors : amounts falling due within one year

	<u>2000</u>		<u>1999</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	£	£	£	£
Trade debtors	664,306	-	410,467	-
Amounts owed by group undertakings	-	1,583,360	-	971,353
Sundry debtors	375,466	374,322	377,567	374,183
Prepayments & accrued income	894,215	-	620,214	-
	<u>1,933,987</u>	<u>1,957,682</u>	<u>1,408,248</u>	<u>1,345,536</u>

16. Creditors : amounts falling due within one year

	<u>2000</u>		<u>1999</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	£	£	£	£
Loans	541,866	541,866	180,622	180,622
Obligations under finance leases	84,513	-	39,719	-
Bank Overdraft	-	3,655	-	-
Trade creditors	320,828	5,941	236,361	360
Amount owed to group undertakings	-	6	-	6
Corporation tax:				
Payable 31 December 2000	117,920	-	14,173	-
Other taxation and social security	178,756	-	143,310	-
Other creditors	3,954	373,491	16,186	373,491
Accruals	202,306	45,856	222,773	650
Proposed Dividend	34,400	34,400	-	-
	<u>1,484,543</u>	<u>1,005,215</u>	<u>853,144</u>	<u>555,129</u>

THE INDEPENDENT RESEARCH GROUP LIMITED

17. Provisions for liabilities and charges

Deferred taxation provided in the financial statements and the amounts unprovided of the total potential liability, are as follows:

	Amount provided		Amount unprovided	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
	£	£	£	£
Tax effect of timing differences because of:				
Excess of capital allowances over depreciation	-	-	41,893	60,214
Other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>41,893</u>	<u>60,214</u>

18. Loan (Group and Company)

	<u>2000</u>	<u>1999</u>
	£	£
Due within one year	541,866	180,622
Due within 1 to 2 years	361,244	361,244
Due within 2 to 5 years	903,120	1,444,986
Total	<u>1,264,364</u>	<u>1,806,230</u>

The above loan is repayable in ten equal six monthly instalments of £180,622 and one final instalment of £180,632 and carries interest at 10 per cent per annum payable quarterly. The loan is secured by a fixed and floating charge over the group assets.

19. Obligations under finance leases (Group)

	<u>2000</u>	<u>1999</u>
	£	£
Due within one year (see 16 above)	84,513	39,719
Due within one to two years	69,118	4,753
Due within two to five years	56,582	-
	<u>125,700</u>	<u>4,753</u>

THE INDEPENDENT RESEARCH GROUP LIMITED

20. Called up share capital

	<u>2000</u>	<u>1999</u>
	£	£
Authorised – 2360 A ordinary shares of 1p each	24	24
7640 ordinary shares of 1p each	76	76
	<hr/> 100	<hr/> 100
	<hr/>	<hr/>
Allotted, called up and fully paid		
-2360 A ordinary shares at 1p each	24	24
- 6210 ordinary shares at 1p each	62	62
	<hr/> 86	<hr/> 86
	<hr/>	<hr/>

The A ordinary shares carry a right of dividend from 1 April 1999 at a minimum of 7.5% of group profit each year. On a return of capital or on winding up, the holder will be entitled, but not limited to £429.30 per share, in preference to all other classes of shareholders. Voting rights are similar to the other classes of shares.

THE INDEPENDENT RESEARCH GROUP LIMITED

21. Share premium account and reserves

Group

	£	£	£	£	£
	Share Capital	Share premium account	Capital redemption reserve	Profit and loss account	Total shareholders funds
At 1 April 1999	86	75,000	14	53,309	128,409
Retained profit for the year	-	-	-	303,347	303,347
	—	—	—	—	—
At 31 March 2000	86	75,000	14	356,656	431,756
	—	—	—	—	—

Company

	£	£	£	£	£
	Share Capital	Share premium account	Capital redemption reserve	Profit and loss account	Total shareholders funds
At 1 April 1999	86	75,000	14	(91,307)	(16,207)
Retained profit for the year	-	-	-	101,198	101,198
	—	—	—	—	—
At 31 March 2000	86	75,000	14	9,891	84,991
	—	—	—	—	—

Cumulative goodwill relating to acquisitions made prior to the year ending 31 March 1999, which has been eliminated against reserves, amounts to £5,214 (1999: £5,214).

THE INDEPENDENT RESEARCH GROUP LIMITED

22. Net Cashflow from Operating Activities

	2000 £	1999 £
Operating Profit - excluding exceptional items	624,441	513,888
Interest element of finance leases	12,575	9,871
Amortisation of Intangible Assets	394,817	228,034
Goodwill Written Off	-	9,982
Depreciation	187,791	153,804
Profit on Sale of Fixed Assets	-	(1,440)
(Increase)/Decrease in Trade Debtors	(253,839)	57,252
(Increase)/Decrease in Prepayments, Accrued Income and Sundry debtors	(374,134)	(12,492)
Increase in Trade Creditors	84,467	30,379
Increase/(Decrease) in other Taxation & Social Security	35,446	(18,255)
Increase/(Decrease) in Accruals & Other creditors	(77,855)	63,871
Increase/(Decrease) in Deferred income	45,094	79,575
Net Cashflow from Operating Activities	<u>678,803</u>	<u>1,114,469</u>

THE INDEPENDENT RESEARCH GROUP LIMITED

23. Analysis of Net Debt

	1/4/99 £	Cashflow £	Other non-cash charges £	31/3/00 £
Net Cash:-				
Cash at bank and in hand	1,092,472	(480,369)		612,103
Debt:-				
Finance leases	(44,472)	88,710	(254,451)	(210,213)
Loans	<u>(1,986,852)</u>	<u>180,622</u>	<u>-</u>	<u>(1,806,230)</u>
	<u>(2,031,324)</u>	<u>269,332</u>	<u>(254,451)</u>	<u>(2,016,443)</u>
Net Debt	<u>(938,852)</u>	<u>(211,037)</u>	<u>(254,451)</u>	<u>(1,404,340)</u>

Analysed in Balance Sheet

Cash at bank and in hand	1,092,472	612,103
Finance leases:		
Within 1 year	(39,719)	(84,513)
After 1 year	(4,753)	(125,700)
Loans	<u>(1,986,852)</u>	<u>(1,806,230)</u>
	<u>(938,852)</u>	<u>(1,404,340)</u>

24. Related party disclosures

The group has taken advantage from the exemptions within FRS 8 from disclosing transactions with other wholly owned group companies.

25. Employee Share Ownership Plan

In September 1998, the group established The Independent Research Group Ltd Employee Share Ownership Plan (the "ESOP") funded by an interest free loan from the parent company. The trustee of the ESOP is Independent Research Group (Jersey) Limited resident in Jersey. The ESOP is a discretionary trust established for the benefit of employees (including directors and officers) and former employees of the group. The ESOP provides for the issue of options and the making of awards or loans to the group's employees (including directors and officers) for the benefit of acquiring shares or interests in shares. These are provided at the discretion of the Trustee acting upon the recommendation of a committee of one executive and one non-executive director.

The assets and liabilities of the ESOP are incorporated into the financial statements.

At 31 March 2000 the Trustee owned 870 Ordinary shares which represented 10.15% of the issued share capital of the Company. There were no options granted to employees during the year.

The total ESOP costs charged to the profit and loss account for the year ended 31 March 2000 were £9,786.

26. Commitments and contingent liabilities

The Company is registered with HM Customs & Excise as a member of a group for VAT purposes, and as a result is jointly and severally liable on a continuing basis for amounts owing by any other members of that group in respect of unpaid VAT. At the balance sheet date the outstanding liability to VAT in the other group companies was £135,284 (1999: £106,123).

The company has given a guarantee in respect of bank borrowings for the group which are secured by a first fixed charge over book debts. There were no bank borrowings at 31 March 2000 (1999: nil). The company is a participant in a Group banking arrangement under which all surplus cash balances are held as collateral for bank facilities advanced to group members.

Other than noted above, the Company had no contingent liabilities or capital commitments at 31 March 2000 (1999 - nil).

At 31 March 2000 the company had annual commitments under operating leases as follows-

	<u>2000</u>		<u>1999</u>	
	<u>Land and Buildings</u>	<u>Other</u>	<u>Land and Buildings</u>	<u>Other</u>
	£	£	£	£
Expiry within one year	-	14,453	-	25,546
Expiry 2-5 years inclusive	-	71,349	-	53,008
Expiry 5-10 years inclusive	107,000	-	107,000	-
	<u>107,000</u>	<u>85,802</u>	<u>107,000</u>	<u>78,554</u>

27. Identification of risks - Year 2000 issue.

The company is satisfied that their preparations for addressing this issue have been successfully concluded and can report that no problems have been encountered to date, either within the company's systems, or through the inability of third parties to manage their Year 2000 problem.