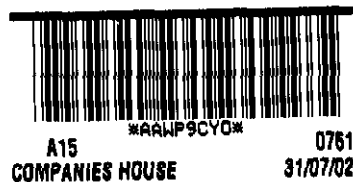


Company no: 2870535

The Independent Research Group Limited

Directors' report and financial statements
for the 18 months ended 30 September 2001



The Independent Research Group Limited

Report of the directors for the period ended 30 September 2001

The Directors have pleasure in submitting their annual report, together with the audited financial statements, for the 18 months ended 30 September 2001.

Principal activity

The company's principal activity is a holding company. The group provides research data and consulting services to the financial services industry.

Review of business and future developments

A summary of the group's trading during the period is shown in the profit and loss account on page 5. The directors consider that this level of activity will continue to increase, so maintaining the year on year expansion experienced by the business.

The balance sheet of the group has been adversely affected by £1,073,000 through the adoption of a new policy on revenue recognition. The Board has changed the policy to provide greater visibility as to core growth in the business.

Research and development activity

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

Dividends and reserves

A dividend is proposed for the A shares of £14.003 (2000: £14.576) per 1p share in accordance with the rights attached to these shares - see note 20.

Donations

The group made charitable donations of £500 in the year. No political contributions were made. No charitable donations or political contributions were made by the parent company.

The Independent Research Group Limited

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: At 30 September 2001	Interest in ordinary shares of 1p each: At 31 March 2000
A Whitehead	1,940	1,940
D Lee	1,100	1,100
M Hayes-Newington	1,620	1,620
E Jones (non-executive)	150	150
H Ramchandani (resigned 1 October 2001)	60	60
M Farrant (non-executive)	-	-

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 period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

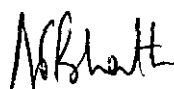
The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards as explained on page 9 under Note 1 "Accounting policies". They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 September 2001 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure 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.

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

By order of the Board



T Bobath
Company Secretary
31 July 2002

THE INDEPENDENT RESEARCH GROUP LIMITED

Independent auditor's report to the members of the Independent Research Group Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheets, the total recognised gains and losses and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards as issued by the Auditing Practices Board.

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 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 is not disclosed.

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 30 September 2001 and of the profit and cash flows of the group for the 18 month period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Milton Keynes

The Independent Research Group Limited

Consolidated profit and loss account for the 18 months ended 30 September 2001

	Notes	18 months 2001 £	12 months 2000 (As restated) £
Turnover	2	6,003,235	3,505,031
Cost of sales		(231,673)	(217,096)
Gross profit		5,771,562	3,287,935
Administrative expenses excluding exceptional items		(5,208,473)	(2,976,919)
Exceptional item	8	(162,800)	-
Administrative expenses		(5,371,273)	(2,976,919)
Operating profit		400,289	311,016
Interest receivable and similar income	3	16,901	18,446
Interest payable and similar charges	4	(287,144)	(196,802)
Profit on ordinary activities before taxation	5	130,046	132,660
Tax on profit on ordinary activities	9	(77,899)	(120,913)
Profit on ordinary activities after taxation		52,147	11,747
Dividends	10	(33,047)	(34,400)
Profit/(loss) for the financial period	21	19,100	(22,653)

The above results all arise from continuing activities.

Statement of recognised gains and losses for the period ended 30 September 2001

		2001 £	2000 £
Profit for the financial period		52,147	11,747
Total recognised gains relating to the period		52,147	11,747
Prior year adjustment	21	(1,073,000)	
Total gains and losses recognised since last annual report		(1,020,853)	

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

The Independent Research Group Limited

Consolidated balance sheet as at 30 September 2001


	Notes	2001 £	2000 (As restated) £
Fixed assets			
Intangible assets	12	1,198,783	923,653
Tangible assets	13	395,358	528,023
Investments	14	373,491	373,491
		<u>1,967,632</u>	<u>1,825,167</u>
Current assets			
Debtors	15	1,537,999	1,933,987
Cash in hand and at bank		426,665	612,103
		<u>1,964,664</u>	<u>2,546,090</u>
Creditors: Amounts falling due within one year	16	<u>(3,463,611)</u>	<u>(3,622,437)</u>
Net current liabilities		(1,498,947)	(1,076,347)
Total assets less current liabilities		468,685	748,820
Creditors: Amounts falling due after more than 1 year	18	(1,042,898)	(1,390,064)
Provision for liabilities and charges	17	(47,931)	-
		<u>(622,144)</u>	<u>(641,244)</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	(697,244)	(716,344)
Non - equity shareholders' funds	22	<u>(622,144)</u>	<u>(641,244)</u>

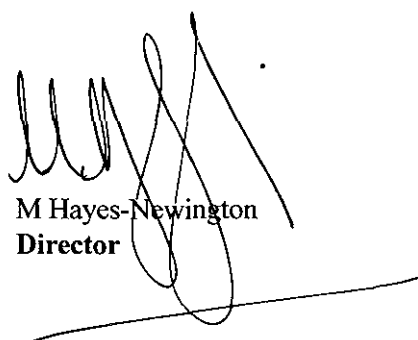
The Independent Research Group Limited

Company Balance sheet as at 30 September 2001

	Notes	2001 £	2000 £
Fixed assets			
Investments	14	388,796	396,888
Current assets			
Debtors	15	1,634,137	1,957,682
Cash in hand and at bank		10	-
		<u>1,634,147</u>	<u>1,957,682</u>
Creditors: Amounts falling due within one year	16	<u>(1,132,501)</u>	<u>(1,005,215)</u>
Net current assets		<u>501,646</u>	<u>952,467</u>
Total assets less current liabilities		<u>890,442</u>	<u>1,349,355</u>
Creditors: Amounts falling due after more than one year	18	<u>(903,120)</u>	<u>(1,264,364)</u>
		<u>(12,678)</u>	<u>84,991</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	(87,778)	9,891
Non - equity shareholders' funds		<u>(12,678)</u>	<u>84,991</u>

The financial statements were approved by the board of directors on 31 July 2002 and are signed on its behalf by:


A Whitehead
Director


M Hayes-Newington
Director

The Independent Research Group Limited

Consolidated cash flow statement for the year ended 30 September 2001

	Notes	18 months 2001 £	18 months 2001 £	12 months 2000 £	12 months 2000 £
Net cash inflow from operating activities	23		1,868,940		678,803
Returns on investments and servicing of finance:					
Interest element of finance lease rental payments		(29,423)		(14,566)	
Interest received		16,901		18,446	
Interest paid		(257,721)		(139,071)	
Non equity dividends paid		(34,400)		-	
Net cash flow from returns on investment and servicing of finance			(304,643)		(135,191)
Taxation (paid)/repaid			(145,939)		87,059
Capital expenditure and financial investment:					
Purchase of tangible fixed assets		(170,420)		(242,559)	
Purchase of intangible fixed assets		(861,371)		(613,715)	
Receipts from sale of fixed assets		6,176		-	
			(1,025,615)		(856,274)
Net cash flow before use of liquid resources & financing			392,743		(225,603)
Financing:					
Cash from capital raising		461,030		-	
Repayment of loans		(747,558)		(180,622)	
Expenses related to capital raising	8	(162,800)		-	
Capital element of finance lease rental payments		(128,853)		(74,144)	
Net cash flow from financing			(578,181)		(254,766)
(Decrease) in net cash	24		(185,438)		(480,369)

The Independent Research Group Limited

Notes to the financial statements for the 18 months ended 30 September 2001

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 is recognised evenly over the life of any contract. Turnover represents fees invoiced or to be invoiced under a contract for subscription (excluding VAT) less a provision for future update costs. Deferred income relates to invoiced rentals in respect of periods after the balance sheet date.

The accounting policy has been changed during the last financial period. Previously 65% of the contract value was recognised on signing of the contract with the remaining 35% being recognised over the life of a contract. The effect of the change in accounting policy is shown in Note 21 of the financial statements.

This policy more accurately reflects the recognition of revenue over the period the service is provided.

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 and motor vehicles 20% to 33 1/3 %.

Estimation of useful life includes an assessment of the expected rate of technological development and the intensity at which the assets are expected to be used.

c) Intangible fixed assets - database and software

(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.

(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 in respect of any timing differences which are expected to result in a tax liability in the foreseeable future.

The Independent Research Group Limited

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.

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 will 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 turnover by destination of the group is as follows:

	18 months 2001	12 months 2000 (As restated)
United Kingdom	5,842,000	3,341,068
Rest of Europe	161,235	163,963
	<hr/> 6,003,235 <hr/>	<hr/> 3,505,031 <hr/>

3. **Interest receivable and similar income**

	18 months 2001 £	12 months 2000 £
Bank deposit interest	16,901	17,394
Third party interest received	-	1,052
	<hr/> 16,901 <hr/>	<hr/> 18,446 <hr/>

The Independent Research Group Limited

4. Interest payable and similar charges

	18 months 2001 £	12 months 2000 £
Loan interest payable	216,658	189,654
Bank loans and overdrafts	-	279
Other loans	41,063	(5,706)
Interest payable on finance leases	29,423	12,575
	<u>287,144</u>	<u>196,802</u>

5. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	18 months 2001 £	12 months 2000 £
Auditors' remuneration for: audit services - group	18,500	18,000
non-audit services - group	33,155	19,344
Operating lease rentals:		
- Equipment including motor vehicles	161,965	85,610
- Land and buildings	92,125	103,408
Loss on sale of fixed assets	8,693	-
Depreciation of tangible fixed assets	331,557	187,791
Amortisation of intangible fixed assets	586,241	394,817
	<u></u>	<u></u>

Included in the above are audit fees of £1,000 in respect of the company (2000: £1,000).

6. Directors' emoluments

Directors' emoluments comprise the following:

	18 months 2001 £	12 months 2000 £
Aggregate emoluments	<u>578,885</u>	<u>372,923</u>

There are no retirement benefits accruing to any director.

	18 months 2001 £	12 months 2000 £
Highest paid director	<u>137,597</u>	<u>90,009</u>

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 62 (2000: 56). These comprised:

	18 months 2001	12 months 2000
Research	31	31
Administration	20	18
Sales and marketing	11	7
Total	<u>62</u>	<u>56</u>

- b) Employee costs of all employees included above.

	18 months 2001 £	12 months 2000 £
Wages and salaries	2,633,156	1,396,764
Social security costs	245,812	138,935
	<u>2,878,968</u>	<u>1,535,699</u>

8. Exceptional item

During the period, the Group undertook a capital raising exercise. The costs of this amounted to £162,800 and have been written off in the period.

9. Tax on profit on ordinary activities

	18 months 2001 £	12 months 2000 £
United Kingdom corporation tax at 30% (2000: 30%)		
- current tax	806	117,920
- deferred tax	22,451	-
Under provision in respect of prior years		
- corporation tax	29,162	2,993
- deferred tax	25,480	-
	<u>77,899</u>	<u>120,913</u>

The Independent Research Group Limited

10. Non-equity – A ordinary

	18 months 2001	12 months 2000
Proposed £14.003 per 1p share	33,047	34,400

11. Profit for the financial period

As permitted by Section 230 of the Companies Act 1985, the company's profit and loss account has not been included in these financial statements. The company made a loss of £97,669 (2000 profit: £101,198).

12. Intangible fixed assets (Group)

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

	Acquired £	Developed £	Total £
Cost			
At 1 April 2000	729,503	1,237,914	1,967,417
Expenditure	-	861,371	861,371
At 30 September 2001	729,503	2,099,285	2,828,788
Depreciation			
At 1 April 2000	364,556	679,208	1,043,764
Charge for the period	285,695	300,546	586,241
At 30 September 2001	650,251	979,754	1,630,005
Net book amount at 30 September 2001	79,252	1,119,531	1,198,783
Net book amount at 31 March 2000	364,947	558,706	923,653

The Independent Research Group Limited

13. Tangible fixed assets (Group)

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

	Fixtures, fittings and equipment	Computer equipment	Motor vehicles	Office equipment	Total
	£	£	£	£	£
Cost					
At 1 April 2000	322,709	234,577	2,248	465,497	1,025,031
Additions	60,072	115,888	-	34,753	210,713
Disposals/retirements	(57,087)	(9,150)	-	-	(66,237)
At 30 September 2001	325,694	341,315	2,248	500,250	1,169,507
Depreciation					
At 1 April 2000	120,184	154,096	1,406	221,322	497,008
Charge for the period	107,020	86,807	693	137,038	331,558
Disposals/retirements	(47,795)	(6,622)	-	-	(54,417)
At 30 September 2001	179,409	234,281	2,099	358,360	774,149
Net book amount at 30 September 2001	146,285	107,034	149	141,890	395,358
Net book amount at 31 March 2000	202,525	80,481	842	244,175	528,023

The cost of assets held under finance leases is £500,250 (2000: £465,497). The accumulated depreciation on these assets to date is £358,360 (2000: £221,322) giving a net book amount of £141,890 (2000: £244,175).

The Independent Research Group Limited

14. Investments

Interests in group undertakings

	2001		2000	
	Group £	Company £	Group £	Company £
Share in subsidiary undertakings	-	15,305	-	23,397
Investment in own shares	373,491	373,491	373,491	373,491
	<u>373,491</u>	<u>388,796</u>	<u>373,491</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 30 September 2001 was at least £373,491 (see note 27).

The following information relates to the company's subsidiary undertakings. They have all been consolidated in the group's results in both periods. The movement in the net book amount of the company's share in subsidiary undertakings of £8,092 relates to a provision against its investment in Infowise Computer Telecommunications Limited.

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

The Independent Research Group Limited

15. Debtors

	2001		2000	
	Group	Company	As restated Group	Company
	£	£	£	£
Trade debtors	482,179	-	664,306	-
Amounts owed by group undertakings	-	1,254,261	-	1,583,360
Other debtors	379,876	379,876	375,466	374,322
Prepayments and accrued income	675,944	-	894,215	-
	<u>1,537,999</u>	<u>1,634,137</u>	<u>1,933,987</u>	<u>1,957,682</u>

16. Creditors : amounts falling due within one year

	2001		2000	
	Group	Company	As restated Group	Company
	£	£	£	£
Trade creditors	327,937	4,579	320,828	5,941
Amounts owed to group undertakings	-	321,031	-	6
Loans	520,204	361,244	541,866	541,866
Obligations under finance leases	78,253	-	84,513	-
Bank overdraft	-	-	-	3,655
Corporation tax	807	-	117,920	-
Other taxation and social security	161,672	-	178,756	-
Other creditors	415,680	373,491	377,445	373,491
Accruals and deferred income	1,926,011	39,109	1,966,709	45,856
Proposed dividend	33,047	33,047	34,400	34,400
	<u>3,463,611</u>	<u>1,132,501</u>	<u>3,622,437</u>	<u>1,005,215</u>

The Independent Research Group Limited

17. Provision for liabilities and charges

This comprises deferred taxation. The movement on deferred taxation was as follows:

	2001 £	2000 £
At 1 April 2000	-	-
Charged to the profit and loss account	47,931	-
	<u>47,931</u>	<u>-</u>

The amount provided and full potential liability was as follows:

	Full potential liability		Amount provided	
	2001	2000	2001	2000
	£	£	£	£
Accelerated capital allowances	58,970	41,893	58,970	-
Other timing differences	(11,039)	-	(11,039)	-
Losses	(175,474)	-	-	-
	<u>(127,543)</u>	<u>41,893</u>	<u>47,931</u>	<u>-</u>

18. Creditors: Amounts falling due after more than one year

	2001		2000	
	Group £	Company £	Group £	Company £
Loan A	903,120	903,120	1,264,364	1,264,364
Loan B	96,378	-	-	-
Obligations under finance leases	43,400	-	125,700	-
	<u>1,042,898</u>	<u>903,120</u>	<u>1,390,064</u>	<u>1,264,364</u>

Loan A	2001 £	2000 £
Due within 1 year	361,244	541,866
Due within 1 to 2 years	361,244	361,244
Due within 2 to 5 years	541,876	903,120
Total	<u>903,120</u>	<u>1,264,364</u>

The above loan is repayable in five 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 Independent Research Group Limited

The loan is secured by a fixed and floating charge over the group assets.

	2001 £	2000 £
Loan B		
Due within 1 year	158,960	-
Due within 1 to 2 years	96,378	-

The above loan, including the interest burden accumulating on the principal outstanding, is repayable in seven further equal quarterly instalments of £39,740 and carries a quarterly rate of 2.96%.

19. Obligations under finance leases (Group)

	2001 £	2000 £
Due within 1 year	78,253	84,513
Due within 1 to 2 years	28,526	69,118
Due within 2 to 5 years	14,874	56,582
Total	43,400	125,700

20. Called up share capital

	2001 £	2000 £
Authorised – 2,360 A ordinary shares of 1p each	24	24
7,640 ordinary shares of 1p each	76	76
	100	100
Allotted, called up and fully paid		
- 2,360 A ordinary shares at 1p each	24	24
- 6,210 ordinary shares at 1p each	62	62
	86	86

The Independent Research Group Limited

The rights of each class of share are summarised as follows:

'A' ordinary shares:

Dividends:	7.5% of group profits in preference to ordinary shares and a discretionary dividend thereafter.
On a return of capital:	£429.30 per share in preference to ordinary shares.
Voting rights:	One vote per share.

Ordinary shares:

Dividends:	7.5% of group profits after 'A' ordinary shares and a discretionary dividend thereafter.
On a return of capital:	£429.30 per share after the right accruing to the 'A' ordinary shares described above.
Voting rights:	One vote per share.

Since both ordinary and 'A' ordinary shares have rights attached to them which limit to a specific amount of payment on a return of capital they are both classified as non-equity shares.

21. Reserves

Group	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2000 as previously reported	75,000	14	356,656	431,670
Prior year adjustment for change of accounting policy on revenue recognition	-	-	(1,073,000)	(1,073,000)
At 1 April 2000 as restated	75,000	14	(716,344)	(641,330)
Profit for the financial period	-	-	19,100	19,100
At 30 September 2001	75,000	14	(697,244)	(622,230)

The change in accounting policy has increased the profit in the period by £66,000 (2000: reduction of £327,000)

Company	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2000	75,000	14	9,891	84,905
Loss for the financial period	-	-	(97,669)	(97,669)
At 30 September 2001	75,000	14	(87,778)	(12,764)

Cumulative goodwill relating to acquisitions made prior to the year ended 31 March 1999, which has been eliminated against reserves, amounts to £5,214 (2000: £5,214).

The Independent Research Group Limited

22. Reconciliation of movements in non-equity shareholders' funds

	2001		2000	
	Group £	Company £	Group £	Company £
Profit/(loss) for the financial period	52,147	(64,622)	11,747	135,598
Dividends	(33,047)	(33,047)	(34,400)	(34,400)
Net additions to shareholders' funds	19,100	(97,669)	(22,653)	101,198
Opening shareholders' funds as previously stated	431,756	84,991	128,409	(16,207)
Prior year adjustment	(1,073,000)	-	(747,000)	-
Opening shareholders' funds as restated	(641,244)	84,991	(618,591)	(16,207)
Closing shareholders' funds at 30 September 2001	(622,144)	(12,678)	(641,244)	84,991

23. Reconciliation of operating profit to net cash flow from operating activities

	18 months	12 months
	2001	As restated
	£	2000 £
Operating profit	400,289	311,016
Exceptional item – included within financing	162,800	-
Amortisation of intangible assets	586,241	394,817
Depreciation	331,558	187,791
Loss on sale of fixed assets	8,693	-
Decrease/(increase) in trade debtors	182,127	(253,839)
Decrease/(increase) in prepayments, accrued income and sundry debtors	213,861	(374,134)
Increase in trade creditors	7,109	84,467
(Decrease)/increase in other taxation & social security	(17,084)	35,446
Increase/(decrease) in other creditors	38,235	(77,855)
(Decrease)/increase in accruals and deferred income	(44,889)	371,094
Net cash flow from operating activities	1,868,940	678,803

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24. Analysis of net debt

	1 April 2000 £	Cash flow £	Other non- cash changes £	30 September 2001 £
Net cash:				
Cash at bank and in hand	612,103	(185,438)	-	426,665
Debt:				
Loans –				
After one year	(1,264,364)	264,866	-	(999,498)
Within one year	(541,866)	21,662	-	(520,204)
Finance leases	(210,213)	128,853	(40,293)	(121,653)
	<u>(2,016,443)</u>	<u>415,381</u>	<u>(40,293)</u>	<u>(1,641,355)</u>
Net debt	<u>(1,404,340)</u>	<u>229,943</u>	<u>(40,293)</u>	<u>(1,214,690)</u>

25. Reconciliation of net cash flow to movement in net debt

	£	£
Decrease in cash in the period	(185,438)	
Cash inflow from increase in debt and lease financing	415,381	
	<u>229,943</u>	
Change in net debt resulting from cash flows		229,943
New finance leases		(40,293)
		<u>189,650</u>
Movement in net debt in the period		(1,404,340)
Net debt at 1 April 2000		<u>(1,214,690)</u>
Net debt at 30 September		<u>(1,214,690)</u>

26. Related party disclosures

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

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27. 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 30 September 2001 and 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 period.

The total ESOP costs charged to the profit and loss account for the period ended 30 September 2001 were £19,336 (2000: £9,786).

28. 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 £86,475 (2000: £135,284).

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 2001 (2000: 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 2001 (2000 - nil).

At 30 September 2001 the company had annual commitments under non-cancellable operating leases expiring as follows:-

	<u>2001</u>		<u>2000</u>	
	<u>Land & buildings</u>	<u>Other</u>	<u>Land & buildings</u>	<u>Other</u>
	£	£	£	£
Within one year	-	13,772	-	14,453
Within two to five years	-	143,561	-	71,349
After five years	114,350	-	107,000	-
	<u>114,350</u>	<u>157,333</u>	<u>107,000</u>	<u>85,802</u>