2415211

REPORT AND ACCOUNTS

PhoneLink Data Limited

31 MARCH 1993

ERNST & YOUNG

PhoneLink Data Limited

Registered No 2415211

DIRECTORS
T J Burke
H Burke
I Woolsey

SECRETARY
H Burke

AUDITORS
Ernst & Young
Commercial Union House
Albert Square
Manchester
M2 6LP

BANKERS
National Westminster Bank
10 Foregate Street
Chester
CH1 1HQ

SOLICITORS
Davies Wallis Foyster
5 Castle Street
Liverpool
L2 4XE

REGISTERED OFFICE
John Douglas House
620 Woodchurch Road
Prenton
Birkenhead
L43 OTT

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DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 March 1993.

RESULTS AND DIVIDENDS

The trading profit for the year amounted to £16,814.

The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The main activity of the company is to develop and exploit commercial applications of a sophisticated software package which is able to quickly and efficiently search databases and retrieve data.

During the year the company increased its shareholding in Technique Telecommunications Limited from 30% to 100%.

On 26 March 1993 the assets, business and certain liabilities of Technique Telecommunications Limited were transferred to the company at net book value.

FIXED ASSETS

Movements in fixed assets are set out in the notes to the accounts.

DIRECTORS AND THEIR INTERESTS

The directors during the year were:

T J Burke
I Woolsey (appointed 24 March 1993)

The directors at 31 March 1993 and their interests in the share capital of the company were as follows:

	At 31 March 1993 2.5p Ordinary shares	*At 1 April 1992 or subsequent date of appointment £1 Ordinary shares*
T J Burke	1,188,151	100
I Woolsey	297,037	-

On 20 April 1993 H Burke was appointed a director.

CLOSE COMPANY STATUS

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

AUDITORS

During the year, Wilson de Zouche and Mackenzie resigned as auditors, and Ernst & Young were appointed.

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board

Heather Burke.

H Burke
Secretary

26 April 1993

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REPORT OF THE AUDITORS
to the members of PhoneLink Data Limited

We have audited the accounts on pages 6 to 22 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 31 March 1993 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Chartered Accountants
Registered Auditor
Manchester

26April 1993

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1993

	Notes	1993 £	1992 £
TURNOVER	2	922,557	815,748
Cost of sales		421,679	484,447
GROSS PROFIT		500,878	331,301
Distribution and administration expenses		452,552	226,148
Share of profit of associated undertaking		548	-
OPERATING PROFIT	3	48,874	105,153
Interest payable less receivable	6	(19,247)	(13,620)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		29,627	91,533
Tax on profit on ordinary activities	7	(12,813)	(11,800)
PROFIT FOR THE FINANCIAL YEAR	8,9	16,814	79,733

A statement of movement on reserves is given in note 20.

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CONSOLIDATED BALANCE SHEET
at 31 March 1993

	Notes	1993 £
FIXED ASSETS		
Intangible assets	10	28,000
Tangible assets	11	481,812
		509,812
CURRENT ASSETS		
Debtors	13	920,145
Cash at bank and in hand	14	248
		920,393
CREDITORS: amounts falling due within one year	15	601,726
NET CURRENT ASSETS		318,667
TOTAL ASSETS LESS CURRENT LIABILITIES		828,479
CREDITORS: amounts falling due after more than one year	16	83,917
PROVISION FOR LIABILITIES AND CHARGES	17	17,988
		726,574
CAPITAL AND RESERVES		
Share capital	19	38,224
Share premium	20	681,283
Profit and loss account	20	7,067
		726,574

- Director

26 April 1993

BALANCE SHEET
at 31 March 1993

	Notes	1993 £	1992 £
FIXED ASSETS			
Intangible assets	10	28,000	-
Tangible assets	11	481,812	85,437
Investments	12	555	30
		510,367	85,467
CURRENT ASSETS			
Debtors	13	1,088,769	129,092
Cash at bank and in hand	14	248	27,933
		1,089,017	157,025
CREDITORS: amounts falling due within one year	15	765,497	171,704
NET CURRENT ASSETS/(LIABILITIES)		323,520	(14,679)
TOTAL ASSETS LESS CURRENT LIABILITIES		833,887	70,788
CREDITORS: amounts falling due after more than one year	16	83,917	33,081
PROVISIONS FOR LIABILITIES AND CHARGES	17	17,988	-
		731,982	37,707
CAPITAL AND RESERVES			
Called up share capital	19	38,224	100
Share premium	20	681,283	-
Profit and loss account	20	12,475	37,607
		731,982	37,707

The accounts were approved by the board of directors on 26 April 1993.

- Director

26 April 1993

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention. The accounts are prepared in accordance with applicable accounting standards.

Basis of consolidation

The group accounts consolidate the accounts of PhoneLink Data Limited and its subsidiary undertaking for the year ended 31 March 1993. No profit and loss account is presented for PhoneLink Data Limited as permitted by Section 230 of the Companies Act 1985.

The group profit and loss account includes the results of Technique Telecommunications Limited for the period from its effective acquisition on 15 July 1992. The purchase consideration has been allocated to assets and liabilities on the basis of fair value at the date of acquisition.

Prior to 15 July 1992, the results of Technique Telecommunications Limited have been included in the group accounts using the equity method as it was an associated undertaking.

Full provision against the minority interest at the date of acquisition was made and hence no minority interest is shown in the consolidated profit and loss account.

Goodwill

Goodwill on acquisition it set off directly against reserves.

Research and development

Research and development costs are written off in the period in which they are incurred.

Recognition of licence revenue

The annual income from software licences is recognised in the same period as the commencement of the licence. An accrual for costs associated with licences is made in the period in which the licence commences.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase arrangements are included as tangible assets at their purchase price and depreciated over the asset's life. The obligations are included, as appropriate, under creditors due within or after one year. Rentals under operating leases are charged to profit as incurred.

Depreciation and amortisation

Depreciation is provided on all tangible fixed assets from the date of acquisition at rates calculated to write-off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Purchased know-how	-	20% straight line
Computer equipment	-	25% reducing balance commencing in the year after acquisition
Motor vehicles	-	25% reducing balance
Freehold buildings	-	2% straight line

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

NOTES TO THE ACCOUNTS
at 31 March 1993

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to customers in the United Kingdom.

3. OPERATING PROFIT

(a) This is stated after charging:

	1993 £	*1992* £
Auditors' remuneration	6,000	2,500
Depreciation of owned fixed assets	18,824	1,895
Depreciation of assets held under hire purchase agreements	14,651	14,136
Amortisation of intangible assets	9,917	-
Operating lease rentals	4,232	-
Research and development expenditure	414,145	213,810

b) Reconciliation of operating profit to net cash inflow from operating activities:

	1993 £	*1992* £
Operating profit	48,874	105,153
Depreciation of tangible fixed assets	33,475	16,031
Profit/(loss) on disposal of tangible fixed assets	408	(849)
Increase in debtors	(4,464)	(37,975)
(Decrease)/increase in creditors	(51,506)	85,534
Amortisation of intangible fixed assets	9,917	-
Share of profit of associated undertaking	(548)	-
Net cash inflow from operating activities	36,156	167,894

4. DIRECTORS' REMUNERATION

	1993 £	*1992* £
Fees	-	-
Other emoluments (including pension contributions)	60,556	46,500

Directors' emoluments, excluding pension contributions, fell within the following ranges:

	1993 *No.*	*1992* *No.*
£Nil - £5,000	1	-
£45,001 - £50,000	-	1
£55,001 - £60,000	1	-

The emoluments, excluding pension contributions, of the chairman and the highest paid director, were £59,191 (1992: £46,500).

5. STAFF COSTS

	1993 £	1992 £
Wages and salaries	332,262	126,245
Social security costs	35,562	12,456
Other pension costs	5,440	473

The average weekly number of employees during the year was as follows:

	1993 No.	1992 No.
Development	13	3
Production	3	-
Selling and administration	4	3
	20	6

6. INTEREST PAYABLE LESS RECEIVABLE

	1993 £	1992 £
Interest payable:		
Bank loans and overdrafts repayable within five years	9,627	9,468
Finance charges payable under finance leases and hire purchase contracts	9,620	4,152
	19,247	13,620
Less interest receivable:		
Bank interest	-	-
	19,247	13,620

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1993 £	1992 £
Based on profit for the year:		
UK Corporation tax at 25% (1992 - 25%)	41	11,800
Deferred taxation	17,988	-
	18,029	11,800
Corporation tax over provided in prior years	(5,221)	-
	12,808	11,800
Associated undertakings	5	-
	12,813	11,800

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8. PROFIT AFTER TAXATION

The profit after taxation includes profits of £4,397 earned by Technique Telecommunications Limited from 15 July 1992, the effective date of acquisition.

Technique Telecommunications Limited earned a profit after taxation of £6,207 (1992 - £48,887), of which £1,810 arose in the period from 1 April 1992 to the effective date of acquisition.

9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £11,874.

10. INTANGIBLE FIXED ASSETS

	Group £	*Company* £
Cost:		
At 1 April 1992	-	-
Arising on acquisition of subsidiary undertaking	70,000	-
Acquired in transfer of assets of subsidiary	-	70,000
At 31 March 1993	70,000	70,000
Amortisation:		
At 1 April 1992	-	-
Arising on acquisition of subsidiary undertaking	32,083	-
Provided during the year	9,917	-
Acquired on transfer of assets of subsidiary	-	42,000
At 31 March 1993	42,000	42,000
Net book value:		
At 31 March 1993	28,000	28,000
At 1 April 1992	-	-

Intangible fixed assets relate to purchased know how which is being amortised over the directors' estimate of its useful economic life of 5 years.

11. **TANGIBLE FIXED ASSETS**

Group	*Freehold land and buildings* £	*Motor vehicles* £	*Computer and office equipment* £	*Total* £
Cost or valuation:				
At 1 April 1992	-	50,325	51,993	102,318
Arising on acquisition of subsidiary	-	37,000	56,619	93,619
Additions	190,500	14,611	166,722	371,833
Disposals	-	(12,820)	-	(12,820)
At 31 March 1993	190,500	89,116	275,334	554,950
Depreciation:				
At 1 April 1992	-	14,986	1,895	16,881
Arising on acquisition of subsidiary	-	11,274	18,920	30,194
Provided in year	-	13,749	19,726	33,475
On disposals	-	(7,412)	-	(7,412)
At 31 March 1993	-	32,597	40,541	73,138
Net book value:				
At 31 March 1993	190,500	56,519	234,793	481,812
At 1 April 1992	-	35,339	50,098	85,437

11. TANGIBLE FIXED ASSETS
(continued)

Company	*Freehold land and buildings* £	*Motor vehicles* £	*Computer and office equipment* £	*Total* £
Cost or valuation:				
At 1 April 1992	-	50,325	51,993	102,318
Additions	190,500	14,611	158,282	363,393
Disposals	-	(12,820)	-	(12,820)
Arising on transfer of assets of subsidiary	-	37,000	65,059	102,059
At 31 March 1993	190,500	89,116	275,334	554,950
Depreciation:				
At 1 April 1992	-	14,986	1,895	16,881
Provided in year	-	8,835	12,525	21,360
On disposals	-	(7,412)	-	(7,412)
Arising on transfer of assets of subsidiary	-	16,188	26,121	42,309
At 31 March 1993	-	32,597	40,541	73,138
Net book value:				
At 31 March 1993	190,500	56,519	234,793	481,812
At 1 April 1992	-	35,339	50,098	85,437

Freehold land and buildings includes £75,000 in respect of land.

Motor vehicles include £56,519 (1992 : £35,339) and computer and office equipment includes £85,466 (1992 : £3,608) in respect of assets held under hire purchase contracts.

12. INVESTMENTS

Group

	Associated undertakings
	£
At 1 April 1992	
Share of retained profit of associated undertaking	543
Arising on increase in investment in associate	(543)
At 31 March 1993	-

Company

	Subsidiary undertaking	*Associated undertaking*
	£	£
Cost:		
At 1 April 1992	-	30
Reclassification on further acquisition of shares	30	(30)
Additions	525	-
At 31 March 1993	555	-

The subsidiary undertaking is Technique Telecommunications Limited, a company registered in England and Wales and engaged in the supply of electronic data transfer services of which the company has a holding of 100% of the share capital.

On 15 July 1992 the company acquired 20 ordinary shares of £1 each in Technique Telecommunications Limited, being 20% of the nominal share capital and increasing the company's holding to 50% of the nominal share capital for £500 cash.

On 24 March 1993 the company acquired the remaining 50 ordinary shares in Technique Telecommunications for a consideration of £25 satisfied by the issue of 25 ordinary shares of £1 at par.

Goodwill arising on the acquisition of Technique Telecommunications has been written off against the profit and loss account.

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12. **INVESTMENTS**
(continued)

Analysis of acquisition of Technique Telecommunications Limited:

Net assets at 26 March 1993:

	Fair value to group £
Intangible fixed assets	28,000
Tangible fixed assets	59,750
Debtors	175,633
Total assets	263,383
Creditors due within one year	(268,236)
Total liabilities	(268,236)
Net liabilities	(4,853)
Profits previously included in consolidated accounts:	
- as associate	(543)
- as subsidiary	(4,397)
	(9,793)
Goodwill arising on acquisition	10,348
	555
Discharged by:	
Fair value of shares issued	25
Cash	530
	555

No adjustments to net book values were necessary to arrive at the fair value to the group.

Cash flows caused by the acquisition:

At the effective date of acquisition Technique Telecommunications Limited had cash and cash equivalents of £13,113 which, net of cash consideration of £500, produced a net cash inflow of £12,613.

On 26 March 1993, the assets, business and certain liabilities of Technique Telecommunications Limited were transferred to the company at a book value.

NOTES TO THE ACCOUNTS
at 31 March 1993

13. DEBTORS

	Group	*Company*	
	1993	*1993*	*1992*
	£	*£*	*£*
Called up share capital not paid	750,012	750,012	-
Trade debtors	163,587	163,587	93,065
Prepayments and accrued income	6,546	6,546	3,057
Due from associated undertaking	-	-	32,970
Due from subsidiary undertaking	-	168,524	-
	920,145	1,038,769	129,092

14. CASH AND CASH EQUIVALENTS

Group

	1993	*1992*	*Change in year*
	£	*£*	*£*
Cash at bank and in hand	248	27,933	(27,685)
Bank overdraft	(70,070)	-	(70,070)
	(69,822)	27,933	(97,755)

	1992	*1991*	*Change in year*
	£	*£*	*£*
Cash at bank and in hand	27,933	97	27,836
Bank overdraft	-	(91,443)	91,443
	27,933	(91,346)	119,279

15. CREDITORS: amounts falling due within one year

	Group	*Company*	
	1993	*1993*	*1992*
	£	*£*	*£*
Current portion of bank loan	7,667	7,667	7,667
Bank overdraft	70,070	54,682	-
Trade creditors	103,899	102,863	97,778
Other taxes and social security	30,326	20,306	18,863
Accruals	83,268	83,268	8,781
Obligations under hire purchase agreements	43,533	43,533	13,427
Other creditors (see note 21)	256,326	204,829	13,388
Corporation tax	6,637	6,579	11,800
Amounts owed to subsidiary undertaking	-	241,770	-
	601,726	765,497	171,704

16. CREDITORS: amounts falling due after more than one year

	Group		Company
	1993	1993	1992
	£	£	£
Bank loan repayable within five years	8,678	8,678	15,333
Obligations under hire purchase agreements	75,239	75,239	17,748
	83,917	83,917	33,081

17. PROVISION FOR LIABILITIES AND CHARGES

Group and company

	Deferred taxation
	£
At 1 April 1992	-
Provided during the year	17,988
At 31 March 1993	17,988

Deferred taxation is fully provided and may be analysed as follows:

	1993	1992
	£	£
Capital allowances in advance of depreciation	17,988	-
	17,988	-

18. OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS
Group and company

	1993	*1992*
	£	*£*
Amounts payable:		
within one year	43,533	13,427
within to five year	75,239	17,748
	118,772	31,175

Analysis of changes in finance leases and hire purchase contracts during the current and previous years:

	1993	*1992*
	£	*£*
At 1 April	31,175	32,404
Capital element of finance lease and hire purchase rental payments	(41,159)	(31,732)
New contracts taken out	128,756	30,503
At 31 March	118,772	31,175

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

Group and company

		Motor vehicles and equipment
	1993	*1992*
Operating leases which expire:		
within one year	-	-
within two to five years	3,908	-
	3,908	-

19. SHARE CAPITAL

	Au. rised 1993 No.	1992 No.
Ordinary shares of £1 each	-	100
Ordinary shares of 2.5p each	40,000,000	-

	1993 £	1992 £
Allotted, called and paid up		
Ordinary shares of £1 each	-	100
Ordinary shares of 2.5p each	37,130	-
Allotted		
Ordinary shares of 2.5p each	1,094	-
	38,224	100

Movements in allotted ordinary share capital during the year are:

	£	No.
At 1 April 1992	100	100
On acquisition of subsidiary undertaking	25	25
On sub-division of ordinary shares	-	4,875
Bonus issue	37,005	1,480,188
New issue	1,094	43,758
At 31 March 1993	38,224	1,528,946

On 24 March 1993, 25 ordinary shares were issued at par, in consideration of the acquisition of the remaining ordinary shares of Technique Telecommunications Limited not already held by the company.

On 26 March 1993 the authorised share capital was increased by £999,900 by the creation of 999,900 £1 ordinary shares and the enlarged authorised share capital was sub-divided into 40,000,000 ordinary shares of 2.5p each.

On 26 March 1993, a bonus issue of 1,480,188 fully paid ordinary shares of 2.5p was made to existing shareholders, and 43,758 ordinary shares of 2.5p each were issued fully paid at £17.14 on 26 March 1993 each to finance the further expansion of the business.

20. RESERVES

Group

	Share premium account	*Profit and loss account*
	£	£
At 1 April 1992	-	37,607
Goodwill arising on acquisition of subsidiary	-	(10,348)
Arising on share issues	748,918	-
Share issue costs	(67,635)	-
Bonus issue	-	(37,006)
Retained profit for the year	-	16,814
At 31 March 1993	681,283	7,067

Company

	Share premium account	*Profit and loss account*
	£	£
At 1 April 1993	-	37,607
Arising on share issues	748,918	-
Share issue costs	(67,635)	-
Bonus issue	-	(37,006)
Retained profit for the year	-	11,874
At 31 March 1993	681,283	12,475

The cumulative amount of goodwill written off as at 31 March 1993 is £10,348 (1992 : £Nil).

21. DIRECTORS INTERESTS

On 31 March 1993 the company purchased freehold property from TJB Associates Limited of which T J Burke is a director and controlling shareholder, for a consideration of £190,000 which is included within other creditors at 31 March 1993. The purchase consideration was determined by an independent valuation at open market value conducted by Smith & Sons, FRICS. During the year the company paid rent to TJB Associates of £10,383.