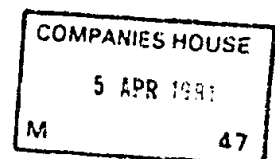


15/7/90

BTS HOLDINGS LIMITED

DIRECTORS REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31ST MARCH 1990



Burdett Stevenson & Co  
Chartered Accountants

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**BTS HOLDINGS LIMITED**  
**REPORT OF THE DIRECTORS**  
**TWELVE MONTHS ENDED 31st MARCH 1990**

The Directors have pleasure in presenting their Report together with the Audited Financial Statements for the 12 months ended 31st March 1990.

**Change of Name**

The Company, formerly Business Telecommunications Services Limited, changed its name to BTS Holdings Limited on 14 April 1989.

**Principal Activity**

The principal activity of the Group continues to be that of developing and marketing telephone call management products and services.

**Results and Dividends**

The results for the period are set out in the Profit and Loss Account.

The Directors recommend that no dividend be paid and that the balance on the Consolidated Profit and Loss Account of £3806 be carried forward.

**Movement of Fixed Assets**

The movement of fixed assets during the period is set out in Note 2.

**Exports**

During the period goods and services exported by the Group amounted to £44416 (prior year: £3039).

**Charitable and Political Contributions**

The Group made no charitable or political contributions during the period.

**Review of Activities**

The Group emerged in the period as the generally accepted leading UK supplier of telephone call management products and services. It strengthened both its financial position and its market position while its competitors generally weakened on both counts.

The average number of employees including Subsidiary Company Directors for the 12 months to 31st March 1990 was 73 (prior year: 75).

During the 12 months to 31st March 1990 the expenditure of the Group on Research and Development amounted to £488873. At the Balance Sheet date the Group employed 19 full time staff engaged in Research and Development (prior year: 17).

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**BTS HOLDINGS LIMITED**  
**REPORT OF THE DIRECTORS**  
**TWELVE MONTHS ENDED 31st MARCH 1990**

**Prospects**

With an experienced management team and a first class product portfolio the Group is extremely confident of strengthening its position in the industry in the coming period.

**Close Company**

In the opinion of the Directors the Company is a "close company" within the meaning of Section 424 of the Income and Corporation Taxes Act 1980.

**Group Operation**

BTS Holdings Limited functions as a holding company. It transferred its entire operation to its subsidiaries on 1 April 1989. These subsidiaries, both wholly owned UK trading companies, commenced operations on 1 April 1989. They are listed below:

Business Telecommunications Services Limited  
BTS Research Limited

**Directors**

The Directors who held office during the period together with their interest in the share capital of the Company were as follows:-

	Ordinary Shares of £1 each	
	31 March 90	31 March 89
E A Davison	351	351
S Chopra	153	153
A Fenton	8	8
D Pope (appointed 1 April 1989)	0	0

**Auditors**

Messrs. Burdett Stevenson & Co. offer themselves for re-appointment under Section 384 of the Companies Act 1985.

By Order of the Board

Royal Oak House  
Brighton Road  
Purley  
CR8 2BG

20 August 1990

  
S Chopra  
Secretary

REPORT OF THE AUDITORS TO THE MEMBERS OF  
BTS HOLDINGS LIMITED  
TWELVE MONTHS ENDED 31st MARCH 1990

We have audited the Financial Statements set out on Pages 4 to 12 which have been prepared under the historical cost convention. Our audit was conducted in accordance with approved Auditing Standards.

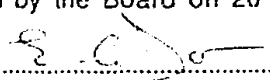
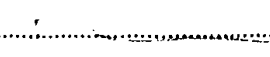
In our opinion the Financial Statements give, under the convention stated, a true and fair view of the state of affairs of the Company and of the Group at 31st March 1990 and of the profit and source and application of funds of the Group for the accounting period ended on that date and comply with the Companies Act 1985.

Lloyds Bank Chambers,  
407, High Street,  
Stratford,  
London,  
E15 4QZ.

20 August 1990

Burdett Stevenson & Co  
Chartered Accountants

**BTS HOLDINGS LIMITED**  
**BALANCE SHEET**  
**AS AT 31st MARCH 1990**

Company 31-Mar-89		Group 31-Mar-90	Company 31-Mar-90
	<b>Fixed Assets</b>		
428,155	Tangible Assets (Note 2)	510,258	
	<b>Current Assets</b>		
977,709	Stocks (Note 1C and 3)	165,737	
773,173	Debtors (Note 4)	1,608,575	173,358
363	Cash at Bank and in Hand	5,731	
<u>1,751,245</u>		<u>1,780,044</u>	<u>173,358</u>
	<b>Liabilities Due Within One Year</b>		
120,614	Loans and Overdrafts (Note 5)	295,844	
416,938	Creditors and Accruals (Note 6)	679,077	13,149
765,992	Amounts Billed to Customers in Advance of Contract Completion (Note 1B)		
536,373	Maintenance Revenue in Advance	891,743	
<u>1,839,917</u>		<u>1,866,664</u>	<u>13,149</u>
(88,672)	<b>Net Current Position</b>	(86,620)	160,209
300	<b>Investment in Subsidiaries</b>		300
<u>339,783</u>	<b>Total Assets Less Current Liabilities</b>	<u>423,639</u>	<u>160,509</u>
	<b>Financed By</b>		
	<b>Liabilities Due After One Year:</b>		
52,576	Loans (Note 7)	6,120	
	<b>Provisions:</b>		
165,388	Warranty Provision	214,612	
	<b>Capital and Reserves:</b>		
780	Called-up Share Capital (Note 8)	780	780
198,320	Share Premium	198,320	198,320
(77,281)	Reserves	3,806	(38,591)
<u>121,819</u>		<u>202,906</u>	<u>160,509</u>
	Approved by the Board on 20 August 1990		
	 E A Davison )		
			) Directors
	 S Chopra )		
<u>339,783</u>		<u>423,639</u>	<u>160,509</u>

The Notes on pages 7 to 12 form an integral part of these financial statements.

**BTS HOLDINGS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**TWELVE MONTHS ENDED 31st MARCH 1990**

Company 12 months to 31-Mar-89		Group 12 months to 31-Mar-90	Company 12 months to 31-Mar-90
3,638,461	Turnover (Note 1B)	5,363,981	
99,406	Increase/(Decrease) in Stocks and Work-in-Progress	(811,971)	
<u>3,737,867</u>		<u>4,552,009</u>	<u>0</u>
	<b>Deduct:</b>		
1,524,389	Materials and Charges	1,865,761	
<u>2,213,478</u>		<u>2,686,249</u>	<u>0</u>
	Interest Receivable	5,972	
<u>2,213,478</u>	<b>Gross Profit</b>	<u>2,691,320</u>	
	<b>Deduct:</b>		
1,111,116	Staff Costs	1,241,037	
224,043	Depreciation and Other Amounts Written Off	226,554	
829,599	Other Operating Charges	1,073,281	
<u>2,164,758</u>		<u>2,540,873</u>	<u>0</u>
48,720	Operating Profit	150,447	0
	Group Charges		50,930
<u>(28,408)</u>	Interest Payable	<u>(31,423)</u>	
20,312	<b>Ordinary Activity Profit Before Taxation (Note 9)</b>	119,024	50,930
<u>(16,738)</u>	Taxation	<u>(37,937)</u>	<u>(12,240)</u>
3,574	<b>Ordinary Activity Profit After Taxation</b>	81,087	38,690
(80,855)	Retained Balance on Reserves Brought Forward	(77,281)	(77,281)
<u>(77,281)</u>	Retained Balance on Reserves Carried Forward	<u>3,806</u>	<u>(38,591)</u>

**BTS HOLDINGS LIMITED**  
**CONSOLIDATED SOURCE AND APPLICATION OF FUNDS**  
**TWELVE MONTHS ENDED 31st MARCH 1990**

Company 12 months to 31-Mar-89		Group 12 months to 31-Mar-90
	<b>Source of Funds</b>	
20,312	Ordinary Activity Profit Before Taxation	119,024
	Adjustment for items not involving movement of funds:	
217,338	Depreciation and Amortisation	203,732
6,705	Loss on Disposal of Fixed Assets	22,822
<u>244,355</u>	<b>Funds Generated from Operations</b>	<u>345,579</u>
	<b>Funds from Other Sources:</b>	
800	Share Issue	
29,822	Directors Loans	(29,822)
125,738	Hire Purchase Loans	107,599
98,916	Proceeds from Disposal of Fixed Assets	125,495
9,263	Proceeds from Sale of Investments	
3,000	Increase in Warranty Provision	49,224
196,226	Increase in Maintenance Revenues in Advance	355,370
50,042	Increase in Contract Payments on Account	(765,992)
<u>513,807</u>		(158,126)
<u>758,162</u>	<b>Total funds from all Sources</b>	<u>187,453</u>
	<b>Application of Funds</b>	
349,945	Purchase of Fixed Assets	434,153
300	Purchase of Investments	
149,565	Repayment of Hire Purchase Loans	165,846
	Corporation Tax Paid	16,129
<u>499,810</u>		<u>616,128</u>
<u>258,352</u>		(428,675)
	<b>Increase/(Decrease) in Working Capital:</b>	
99,406	Stocks & Work-in-Progress	(811,971)
231,138	Debtors	835,402
(197,942)	Creditors and Accruals	(240,631)
<u>132,602</u>		(217,201)
<u>125,750</u>		<u>(211,474)</u>
	<b>Movement in Liquid Resources:</b>	
(405)	Increase/(Decrease) in Cash and Bank Balances	5,369
126,155	Increase/(Decrease) in Bank Current Account	(216,842)
<u>125,750</u>		<u>(211,474)</u>

**BTS HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**TWELVE MONTHS ENDED 31st MARCH 1990**

**1. Accounting Policies**

**A. Accounting Convention**

The Group adopts the Historical Cost Convention.

**B. Turnover**

Turnover consists of goods and services charged by the Group to customers in the ordinary course of business at invoiced amounts excluding Value Added Tax. Payments on account invoiced to customers in advance of contract completion were formerly excluded from turnover but are now recognised at the point of delivery in line with the treatment of such items in the Industry generally. Had the previous Accounting Policy continued in force Stocks & Work-in-Progress would have been £857530. Amounts Billed to Customers in Advance of Contract Completion would have been £691793. Turnover would have been £4672188. There would have been no effect on Operating Profit. Amounts representing the unexpired portion of periodic maintenance contracts continue to be excluded from turnover.

**C. Stocks and Work-in-Progress**

Stocks and Work-in-Progress are valued at the lower of cost or net realisable value after making due allowance for any obsolete or slow moving items of Stock. In the case of Work-in-Progress cost comprises direct materials and charges, attributable direct labour and an appropriate proportion of both fixed and variable production overheads.

**D. Depreciation**

Depreciation is provided on tangible fixed assets in order to write off their cost over their anticipated useful life at the following rates per annum:

Furniture and Fittings	20%
Computer, Scanning and Systems Equipment	33 1/3%
Motor Vehicles:	
Less than 30,000 miles per annum	25%
Over 30,000 miles per annum	33 1/3%

If circumstances cause a change in the anticipated useful life of an asset the unamortised cost is charged to revenue over the useful life remaining. Expenditure on capital items costing less than £200 each is written off as incurred.

**E. Amortisation of Leasehold Premises**

Amortisation is computed so as to write off the legal and other costs of acquisition over the life of the lease.

**F. Research and Development**

Research and Development constitutes a significant part of the Group's activities and all expenditure thereon is written off as incurred.



**BTS HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS continued**  
**TWELVE MONTHS ENDED 31st MARCH 1990**

**2. Tangible Fixed Assets**

Group Cost	Balance at 1-Apr-89	Additions in Period	Sub-Total	Disposals in Period	Balance at 31-Mar-90
Leasehold Premises	4,133	14,180	18,312		18,312
Furniture & Fittings	32,351	6,213	38,564		38,564
Computer Equipment	552,577	156,047	708,624	9,482	699,142
Scanning Equipment	23,686		23,686		23,686
Systems Equipment	159,916		159,916		159,916
Motor Vehicles	396,509	257,713	654,222	256,129	398,093
	<u>1,169,171</u>	<u>434,153</u>	<u>1,603,324</u>	<u>265,611</u>	<u>1,337,713</u>

**Depreciation & Amortisation**

Leasehold Premises	3,978	2,894	6,872		6,872
Furniture & Fittings	17,330	6,721	24,051		24,051
Computer Equipment	364,443	119,320	483,763	215	483,548
Scanning Equipment	23,686		23,686		23,686
Systems Equipment	157,307	2,609	159,916		159,916
Motor Vehicles	174,273	72,183	246,461	117,079	129,383
	<u>741,016</u>	<u>203,732</u>	<u>944,748</u>	<u>117,294</u>	<u>827,454</u>

**Net Book Value**

Leasehold Premises	155				11,441
Furniture & Fittings	15,021				14,514
Computer Equipment	188,134				215,594
Scanning Equipment					
Systems Equipment	2,609				
Motor Vehicles	222,236				268,710
	<u>428,155</u>				<u>510,258</u>

**BTS HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS continued**  
**TWELVE MONTHS ENDED 31st MARCH 1990**

**2. Tangible Fixed Assets (Continued)**

Company Cost	Balance at 1-Apr-89	Additions in Period	Sub-Total	Disposals in Period	Balance at 31-Mar-90
Leasehold Premises	4,133		4,133	4,133	0
Furniture & Fittings	32,351		32,351	32,351	0
Computer Equipment	552,577		552,577	552,577	0
Scanning Equipment	23,686		23,686	23,686	0
Systems Equipment	159,916		159,916	159,916	0
Motor Vehicles	396,509		396,509	396,509	0
	<u>1,169,171</u>	<u>0</u>	<u>1,169,171</u>	<u>1,169,171</u>	<u>0</u>

**Depreciation & Amortisation**

Leasehold Premises	3,978		3,978	3,978	0
Furniture & Fittings	17,330		17,330	17,330	0
Computer Equipment	364,443		364,443	364,443	0
Scanning Equipment	23,686		23,686	23,686	0
Systems Equipment	157,307		157,307	157,307	0
Motor Vehicles	174,273		174,273	174,273	0
	<u>741,016</u>	<u>0</u>	<u>741,016</u>	<u>741,016</u>	<u>0</u>

**Net Book Value**

Leasehold Premises	155				
Furniture & Fittings	15,021				
Computer Equipment	188,134				
Scanning Equipment					
Systems Equipment	2,609				
Motor Vehicles	222,236				
	<u>428,155</u>				<u>0</u>

**BTS HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS continued**  
**TWELVE MONTHS ENDED 31st MARCH 1990**

	Group 31-Mar-90	Company 31-Mar-90	Company 31-Mar-89
<b>3. Stocks</b>			
Raw Materials and Consumables	2,010		11,855
Work-In-Progress	163,727		965,854
	<u>165,737</u>	<u>0</u>	<u>977,709</u>
<b>4. Debtors</b>			
Trade Debtors less Provision for Doubtful Debts	1,551,773		768,082
Amounts owed by Subsidiaries		173,358	
Payments in Advance	56,802		5,091
	<u>1,608,575</u>	<u>173,358</u>	<u>773,173</u>
<b>5. Loans and Overdrafts</b>			
Bank Overdraft (Secured)	280,104		63,262
Hire Purchase Loans (Secured)	15,740		57,352
	<u>295,844</u>	<u>0</u>	<u>120,614</u>
<b>6. Creditors and Accruals</b>			
Trade Creditors	251,901		242,710
Corporation Tax	38,546	12,849	16,738
Sundry Creditors	140,382		77,988
Accrued Charges	248,248	300	79,502
	<u>679,077</u>	<u>13,149</u>	<u>416,938</u>
<b>7. Loans Due After One Year</b>			
Directors Loans			29,822
Hire Purchase Loans (Secured)	6,120		22,755
	<u>6,120</u>	<u>0</u>	<u>52,576</u>
<b>8. Share Capital</b>			
Authorised:			
Ordinary Shares of £1 each		<u>200,000</u>	<u>200,000</u>
Called-up and Fully Paid			
Ordinary Shares of £1 each		<u>780</u>	<u>780</u>
<b>9. Ordinary Activity Profit</b>			
has been arrived at after crediting:			
Bank Interest	5072		
and after charging:			
Auditors Remuneration	1,500		1,500
Bank Charges and Interest	8,120		10,938
Depreciation and Amortisation (Notes 1D, 1E and 2)	203,732		217,338
Main Board Directors Emoluments (Note 11)	208,994		228,566
Subsidiary Board Directors Emoluments	125,139		
Hire Purchase Interest	23,303		17,470
Loss on Disposal of Fixed Assets	22,822		6,705

**BTS HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS continued**  
**TWELVE MONTHS ENDED 31st MARCH 1990**

10. Staff Year Ended 31-Mar-90 Group (Incl Subsidiary Board Directors)	Total	Admin	Marketing	Technical
Average Number Employed	73	4	13	56
Gross Salaries	1,123,619	48,014	352,530	723,076
Social Security Costs	117,418	5,017	36,839	75,561
	<u>1,241,037</u>	<u>53,031</u>	<u>389,369</u>	<u>798,637</u>

The members of staff other than the Directors who were remunerated at higher rates as defined in Part VI of Schedule 5 of the Companies Act 1985 were as follows:

£35,001 - £40,000 2

In the year ended 31-Mar-90 the Company employed no Staff

Staff Year Ended 31-Mar-89 Company (Incl Directors)	Total	Admin	Marketing	Technical
Average Number Employed	75	7	16	52
Gross Salaries	1,009,057	66,661	325,187	617,209
Social Security Costs	102,060	6,829	32,978	62,252
	<u>1,111,116</u>	<u>73,490</u>	<u>358,165</u>	<u>679,461</u>

The members of staff other than the Directors who were remunerated at higher rates as defined in Part VI of Schedule 5 of the Companies Act 1985 were as follows:

£30,001 - £35,000 2  
£35,001 - £40,000 1

12 months to 12 months to  
31-Mar-90 31-Mar-89

**11. Directors**

The emoluments of Main Board Directors (including management charges submitted by their principal organisations) inclusive of taxable benefits but excluding Employer NIC fell into the following bands:

£ 5,001 - £ 10,000		1
£ 10,001 - £ 15,000	2	2
£ 25,001 - £ 30,000		1
£ 35,001 - £ 40,000		1
£ 45,001 - £ 50,000	1	
£ 70,001 - £ 75,000		1
£ 80,001 - £ 85,000	1	
£105,001 - £110,000		

The details in respect of the Chairman are as follows:

Remuneration as taxable benefit	4,864	4,917
Management charge in respect of his services	104,758	75,726

**BTS HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS continued**  
**TWELVE MONTHS ENDED 31st MARCH 1990**

	<u>Group</u> <u>31-Mar-90</u>	<u>Company</u> <u>31-Mar-90</u>	<u>Company</u> <u>31-Mar-89</u>
<b>12. Taxation</b>			
Liability to Corporation Tax at the appropriate rates:	<u>38,546</u>	<u>12,849</u>	<u>16,738</u>
<b>13. Financial Commitments</b>			
Commitments for capital expenditure not provided for in the Accounts:			
Contracts authorised and placed	<u>26,563</u>	<u>0</u>	<u>13,051</u>
Expenditure authorised but contracts not placed	<u>0</u>	<u>0</u>	<u>0</u>