Telephone Information Services Plc

Directors' Report and Accounts
for the 18 Month period ended 31 March 1998

Registered No. 02003242

TELEPHONE INFORMATION SERVICES PLC

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for the 18 month period ended 31 March 1998

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Report of the Directors

The directors present their report and audited Accounts for the 18 month period ended 31 March 1998.

Results and dividend

The profit for the period under review amounted to £191,000 (1996 profit: £262,000). The directors recommend that no dividend be paid for the period ended 31 March 1998 (1996: £nil) and that the profit for the period be transferred to reserves.

Activities and review

The principal activity of the company in the period under review was the provision of automated telephone response services. On 5 March 1997, Scottish Power plc acquired 100% of the issued share capital of the company's immediate parent company, Camjar plc.

The company had net liabilities of £188,000 at 31 March 1998. The directors consider that sufficient funding will be made available to the company by its parent company to continue operations and to meet liabilities as they fall due for the foreseeable future.

Directors and their interests

The directors who held office during the period were as follows:

Roger Farrow	(resigned 5 March 1997)	Angus MacSween	(appointed 5 March 1997)
Neil Haddow	(appointed 2 March 1998)	William Richards	(resigned 5 March 1997)
Malcolm Jessop		Helen Waterfield	(resigned 5 March 1997)
Steven Jones	(resigned 5 March 1997)		
Gregory McLean	(appointed 5 March 1997, resigned 2 March 1998)		

None of the directors who held office at the end of the financial period had any disclosable interests in the shares of the company. The interests of the directors in the shares of Scottish Power plc at the beginning of the period, or date of appointment if later, and end of the period were as follows:

	Ordinary Shares		**Share Options**					
			Executive Scheme		**Sharesave Scheme**		*** Long Term Incentive Plan**	
	31.3.98	1.10.96	**31.3.98**	1.10.96	**31.3.98**	1.10.96	**31.3.98**	1.10.96
Neil Haddow (appointed 2.3.1998)	**2,595**	2,595	**-**	-	**3,412**	3,412	**9,062**	9,062
Malcolm Jessop	**-**	-	**-**	-	**3,175**	-	**-**	-

* These shares represent in each case, the maximum number of shares which the directors may receive, dependent on the satisfaction of certain performance criteria as approved by the shareholders of Scottish Power plc in connection with the Long Term Incentive Plan.

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Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the period ended 31 March 1998. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for maintaining proper accounting records, and sufficient internal controls to safeguard the assets of the company and to prevent and detect fraud or any other irregularities.

Year 2000 policy statement

A Year 2000 strategy has been established for the ScottishPower group of which Telephone Information Services plc is a member. Details are contained in the Operating and Financial Review within the 1997/98 Annual Report and Accounts of Scottish Power plc.

Creditor payment policy and practice

The company's current practice concerning the payment of the majority of its trade creditors is to follow the CBI's Prompt Payers Code. Copies are available upon request from the Company Secretary. For other suppliers, the company's policy and practice is to settle terms of payment when agreeing the terms of the transaction, to include the terms in contracts and to pay in accordance with its contractual and legal obligations. The company's 'Creditor Days' at 31 March 1998 were 31 days.

Auditors

During the period Deloitte & Touche resigned as auditors to the company, and Coopers & Lybrand were appointed.

A resolution to reappoint the auditors, Coopers and Lybrand, will be proposed at the Annual General Meeting.

By order of the Board

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Secretary
22 July 1998

TELEPHONE INFORMATION SERVICES PLC

Accounting Policies

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards in the UK and with the requirements of the Companies Act 1985.

Statement of cash flows

The company is exempt from including a statement of cash flows in its accounts as it is a wholly owned subsidiary of a company incorporated in the UK, which has included a consolidated statement of cash flows in its consolidated accounts

Turnover

Turnover represents amounts received and receivable in respect of automated telephone services provided during the year. Turnover is attributable to one geographical market, the United Kingdom.

Tangible fixed assets

Tangible fixed assets are stated at cost and are depreciated on the straight line method over their estimated operational lives. Depreciation is, in general, first charged in the year following that in which the expenditure was incurred. The main depreciation periods used by the company are as set out below:

	Years
Furniture and Fittings	5
Leasehold Improvements	Over lease period.

Finance and operating leases

Assets leased to the company under finance leases are capitalised and depreciated in line with the depreciation policy. The interest element of the finance lease repayments is charged to the profit and loss account in proportion to the balance of the capital repayments outstanding. Rentals payable under operating leases are charged to the profit and loss account as incurred.

Taxation

The charge for ordinary taxation is based on the profits for the period and takes into account taxation deferred, using the liability method, in respect of timing differences to the extent that it is probable that a liability will crystallise in the foreseeable future. Such timing differences arise primarily from the differing treatment for taxation and accounting purposes of provisions and depreciation of fixed assets.

Pensions

The company operates a money purchase scheme. Contributions are charged to the profit and loss account as they arise.

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Profit and Loss Account

for the period ended 31 March 1998

	Notes	18 months to 31 March 1998 £'000	12 months to 30 September 1996 £'000
Turnover from continuing operations	1	11,504	7,031
Cost of sales		(7,261)	(5,148)
Gross profit from continuing operations		4,243	1,883
Administrative expenses		(3,117)	(1,315)
Operating profit		1,126	568
Loan to fellow subsidiary undertaking written off		(576)	-
Net interest payable and similar charges	4	(130)	(226)
Profit on ordinary activities before taxation		420	342
Taxation	5	(229)	(80)
Profit for the period / year		191	262

A statement of total recognised gains and losses and a reconciliation to historical cost profits and losses are not shown as all gains and losses for 1996 and 1998 are recognised in the profit and loss account under the historical cost convention.

The accounting policies on page 4, together with the notes on pages 7 to 10, form part of these accounts.

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Balance Sheet

as at 31 March 1998

	Notes	31 March 1998 £'000	30 September 1996 £'000
Fixed assets			
Tangible assets	6	**862**	915
Current assets			
Debtors	7	**1,803**	1,480
Short term bank and other deposits		**-**	1
		1,803	1,481
Creditors: amounts falling due within one year			
Loans and other borrowings	8	**(1,101)**	(1,050)
Other creditors	9	**(1,752)**	(1,235)
		(2,853)	(2,285)
Net current liabilities		**(1,050)**	(804)
Total assets less current liabilities		**(188)**	111
Creditors: amounts falling due after more than one year			
Loans and other borrowings	8	**-**	(490)
Net liabilities		**(188)**	(379)
Called up share capital	10,11	**350**	350
Profit and loss account	11	**(538)**	(729)
Equity shareholders' deficit	11	**(188)**	(379)

The accounting policies on page 4, together with the notes on pages 7 to 10, form part of these accounts.

Approved by the Board on 22 July 1998 and signed on its behalf by

Neil Haddow

Neil Haddow
Director

TELEPHONE INFORMATION SERVICES PLC

Notes to the accounts

1 Turnover

Turnover consists entirely of sales made in the United Kingdom from one class of business.

2 Operating profit

Operating profit is stated after charging :	18 months to 31 March 1998 £'000	12 months to 30 September 1996 £'000
Depreciation:		
- Tangible owned fixed assets	671	209
- Tangible fixed assets acquired under finance leases	31	31
Operating lease rentals :		
- Land and buildings	41	41
- Plant & equipment	-	62
Auditors' remuneration for audit	30	14
Auditors' remuneration for non audit services	-	7

3 Employee information

(a) Employee costs	18 months to 31 March 1998 £'000	12 months to 30 September 1996 £'000
Wages and salaries	1,366	766
Social security costs	140	80
Pension costs	50	22
Total employee costs	1,556	868

The directors and employees have service contracts with Scottish Power plc, the company's ultimate parent company. The information above represents amounts recharged by the parent company for services of the directors and employees concerned. The company operates a money purchase scheme for the services of selected employees.

(b) Employee numbers
The year end and average numbers of employees (full time and part time) employed by the company, including executive directors, were :

	As at		Average	
	31 March 1998	30 September 1996	1998	1996
By activity				
Technical and administrative	14	12	13	12
Provision of services	27	22	24	22
	41	34	37	34

4 Interest payable and similar charges

	18 months to 31 March 1998 £'000	12 months to 30 September 1996 £'000
Interest on bank loans and overdrafts	129	217
On finance leases	15	9
Total interest charge	144	226
Interest receivable	(14)	-
Net interest charge	130	226

5 Taxation

	18 months to 31 March 1998 £'000	12 months to 30 September 1996 £'000
UK Corporation Tax at 31% (1997 : 33%)	229	80

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6 Tangible assets

	Leasehold Improvements £'000	Furniture & Fittings £'000	Total £'000
Cost :			
At 1 October 1996	257	2,843	3,100
Additions	-	649	649
Disposals	-	(226)	(226)
At 31 March 1998	**257**	**3,266**	**3,523**
Depreciation :			
At 1 October 1996	78	2,107	2,185
Charge for the period	53	649	702
Disposals	-	(226)	(226)
At 31 March 1998	**131**	**2,530**	**2,661**
Net book value :			
At 31 March 1998	**126**	**736**	**862**
At 30 September 1996	179	736	915

The net book value of tangible fixed assets held under finance leases was £Nil (1996 : £80,000).
The charge for depreciation against these assets during the period was £31,000 (1996 :£31,000).

7 Debtors

	31 March 1998 £'000	30 September 1996 £'000
Amounts falling due within one year :		
Trade debtors	1,417	194
Amounts owed by parent undertaking	21	576
Prepayments and accrued income	112	704
Other debtors	253	6
	1,803	1,480

8 Loans and other borrowings

	31 March 1998 £'000	30 September 1996 £'000
Bank overdraft facility	1,101	86
Bank loan	-	1,420
Obligations under finance leases	-	34
	1,101	1,540

	31 March 1998 £'000	30 September 1996 £'000
Repayments fall due as follows :		
Within one year, or on demand	1,101	1,050
After more than one year	-	490
	1,101	1,540
Repayments due after more than one year are split as follows :		
Between one and two years	-	490

9 Other creditors

	31 March 1998 £'000	30 September 1996 £'000
Amounts falling due within one year		
Trade creditors	714	520
Corporation tax	229	45
Other taxes and social security	128	110
Accrued expenses	681	560
	1,752	1,235

10 Share capital

	31 March 1998 £'000	30 September 1996 £'000
Authorised :		
350,000 Ordinary shares of £1 each	350	350
Allotted, called up and fully paid :		
350,000 Ordinary shares of £1 each	350	350

11 Reconciliation of movements in shareholders' funds

	Share Capital £'000	Goodwill W/off Reserve £'000	Profit and loss Account £'000	Total 1998 £'000
Balance at 1 October 1996 (as published)	350	(837)	108	(379)
Prior period reclassification	-	837	(837)	-
Balance at 1 October 1996 (as restated)	350	-	(729)	(379)
Retained profit for the period	-	-	191	191
Balance at 31 March 1998	**350**	**-**	**(538)**	**(188)**

	Share Capital £'000	Goodwill W/off Reserve £'000	Profit and loss Account £'000	Total £'000
Balance at 1 October 1995 (as published)	350	(837)	(154)	(641)
Prior period reclassification	-	837	(837)	-
Balance at 1 October 1995 (as restated)	350	-	(991)	(641)
Retained profit for the year	-	-	262	262
Balance at 30 September 1996	**350**	**-**	**(729)**	**(379)**

12 Financial commitments

(a) Non cancellable operating lease and finance lease commitments of the company

	31 March 1998 Land and Buildings £'000	31 March 1998 Other £'000	30 September 1996 Land and Buildings £'000	30 September 1996 Other £'000
Operating leases				
Expiring within one year	-	-	-	5
Expiring between two and five years inclusive	61	-	61	44
	61	-	61	49

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13 Directors' emoluments and interests

The following table details the total emoluments paid to directors in office during the period ended 31 March 1998.

	18 months to 31 March 1998 £'000	12 months to 30 September 1996 £'000
Executive directors		
Salaries	146	147
Benefits in kind	11	8
Pension contributions	14	12
	171	167
Highest paid director		
Salary	108	72
Benefits in kind	5	3
Pension contributions	11	8
Total	124	83

The emoluments and pension benefits of the other directors are shown in the accounts of the ultimate parent company.
The company operates a money purchase scheme for the services of selected employees.

14 Ultimate parent company

Telephone Information Service plc is a wholly owned subsidiary of Camjar plc. The ultimate parent undertaking is Scottish Power plc.
The immediate parent company is registered in England & Wales and the ultimate parent company is registered in Scotland.

Copies of the ultimate parent company's consolidated accounts may be obtained from The Secretary, Scottish Power plc, 1 Atlantic Quay, Glasgow G2 8SP.

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Report of the Auditors

to the members of Telephone Information Services plc

We have audited the financial statements on pages 4 to 10.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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 any 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 the affairs of the company at 31 March 1998 and of the profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand
Chartered Accountants and Registered Auditors
Glasgow

22 July 1998