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TRANSAX®

Transax Financial Services Limited

and subsidiary undertakings

ACCOUNTS: 31 MARCH 1993
together with directors' and auditors' reports

Registered number: 2036134

Directors' Report

For the year ended 31 March 1993

The directors are pleased to present their annual report on the affairs of the Group, together with the accounts and auditors' report, for the year ended 31 March 1993.

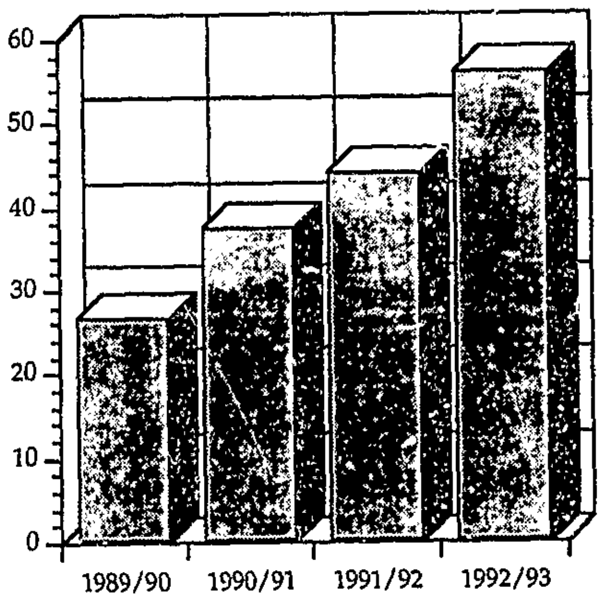
Principal activity and business review

The principal activity of the Group continues to be the provision of cheque guarantee and debt collection facilities. At 31 March 1993, Transax offered these services in the United Kingdom, the Republic of Ireland, France and Australia.

The 1992/93 business year has proved to be a challenging one for the Group. The worldwide recession has had a strong effect on retail spending, and therefore on call volumes, particularly in the company's core market. Also, the 20% devaluation of the pound against the franc following withdrawal from the Exchange Rate Mechanism in November 1992 had an adverse impact on the contribution made by France to corporate expenditure.

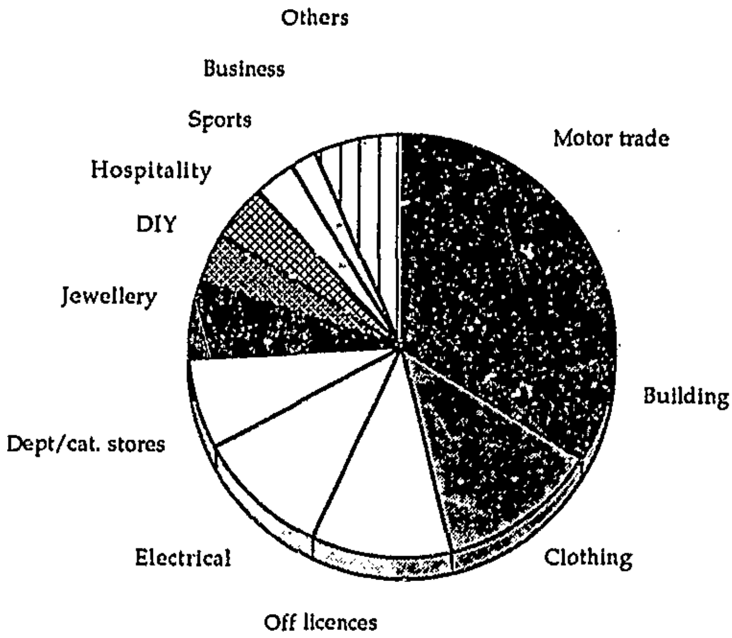
Despite these unfavourable factors, Group turnover has risen to £15,220,418, a 17.6% increase over the previous year. Assisted by a stronger performance from Australia, the Group returned an operating profit of £861,313, an improvement of £1.1 million over the prior year. At 31 March 1993, the worldwide subscriber base stood at approximately 56,000 outlets - 27% ahead of the previous year. The growth trend is illustrated in the following chart.

Growth in Group merchant locations, 1989 - 1993 *(000's)*



The Transax customer base continues to span virtually all areas of the retail business, which has helped the Group to prosper independently of the fortunes of specific market sectors. In the UK, for example, the motor trade is the largest single user group for cheque guarantee services: however, this group covers a diverse range of activities (from servicing and repairs to car hire) and only accounts for 21% of the company's subscribers.

The range of stores, shown in the following chart, also contributes to the Group's success by giving Transax a spread of risk, and a wide circle within which to gather and share information.



Distribution of UK outlets by merchant type

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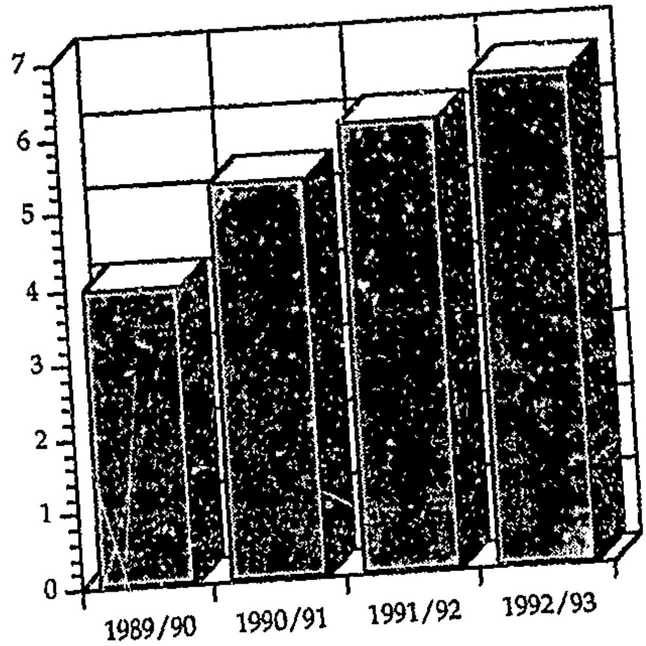
Directors' Report (continued)

During the past financial year, the Group received over 6.5 million authorisation calls, an increase of 8% over the previous year. In aggregate, the value of the cheques guaranteed was in the region of £900 million, making Transax the largest cheque guarantee company anywhere outside North America.

Recent trends in call volumes are shown in the following chart.

Growth in Group call volumes, 1989 - 1993



The directors attribute the Group's continued success to three key factors: commitment to providing the highest level of customer service; effective and efficient authorisation procedures; and a consistent policy of making authorised guarantee payments to subscribers on a timely basis. All three of these strengths have been reinforced during the past year. Internal reorganisations have facilitated a higher standard of customer care, while technical developments have allowed Transax to begin its first pilot scheme on electronic authorisations - a project which will be substantially expanded over the forthcoming year.

The strategic investments made by Transax in the development of new subsidiary operations are bearing fruit. France, as anticipated, is returning a loss at present, and is not projected to turn into profit until its fourth year of operation. However, following an aggressive programme of expansion by its new managing director, turnover in Australia has more than doubled, and following the year end the company has started to make a positive contribution to corporate profits.

The analysis of contributions to turnover and profitability for the past two years are given below:

	1992/93		1991/92	
	Turnover	**Profit (loss) before taxation**	**Turnover**	**Profit (loss) before taxation**
	£000's	*£000's*	*£000's*	*£000's*
UK & Republic of Ireland	12,835	1,419	12,123	(119)
Australia	1,925	(133)	818	(206)
France	461	(562)	1	(88)
	15,221	**724**	**12,942**	**(413)**

The directors foresee the prospect of continued growth in the coming year, both in turnover and profitability, in each of the businesses. The results to date have been extremely encouraging, and now that there are signs of a revival in the core UK market, the directors are looking forward to another highly successful year.

A new chapter

On 8 November 1992, Equifax Inc., of Atlanta, USA, ("Equifax") took a 20% holding in the share capital of the company, by subscribing £435,000 for 1333 new shares in the ordinary share capital of the company (to fund working capital requirements) and acquiring a proportion of the shares held by other shareholders. Equifax has the opportunity to purchase further shares in the future.

Listed on the New York stock exchange, Equifax is one of the world's largest credit reporting agencies and owns Telecredit Service Corporation, whose Check Services division is the largest cheque guarantee organisation in North America. Through its subsidiary Equifax Europe, Equifax already has a significant presence in the UK credit information market.

The directors believe that the activities of the two companies are highly compatible, with a strong element of synergy in the relationship. Apart from a substantial investment to help develop its business, Transax is already enjoying tangible benefits, including exchange of expertise with Telecredit and consolidation of business activities such as tracing. Joint development of new products and services is planned for the near future.

As a result of the share purchase, two new non-executive directors have joined the founders of Transax, Marjorie and Craig Walsh, on the Transax board. They are Travis E. Halford, CEO of Equifax Europe (UK) Ltd, and Linden J. Fellerman, President of Telecredit.

A new managing director

Following the sale of a 20% interest in Transax Financial Services to Equifax in November 1992, the directors have implemented a programme of organisational restructuring, introducing a new managing director to oversee the daily activities of the Group.

Hal Johnson, who was appointed to the Board on 2nd March 1993, has a wide range of management experience in the USA, including the management of Uni-Check, the world's first cheque guarantee company, originally founded in 1964.

The company's founders, Marjorie and Craig Walsh, continue to head the Transax Group. However, this new appointment has enabled them to concentrate on international development of the Transax concept and long-term strategic issues.

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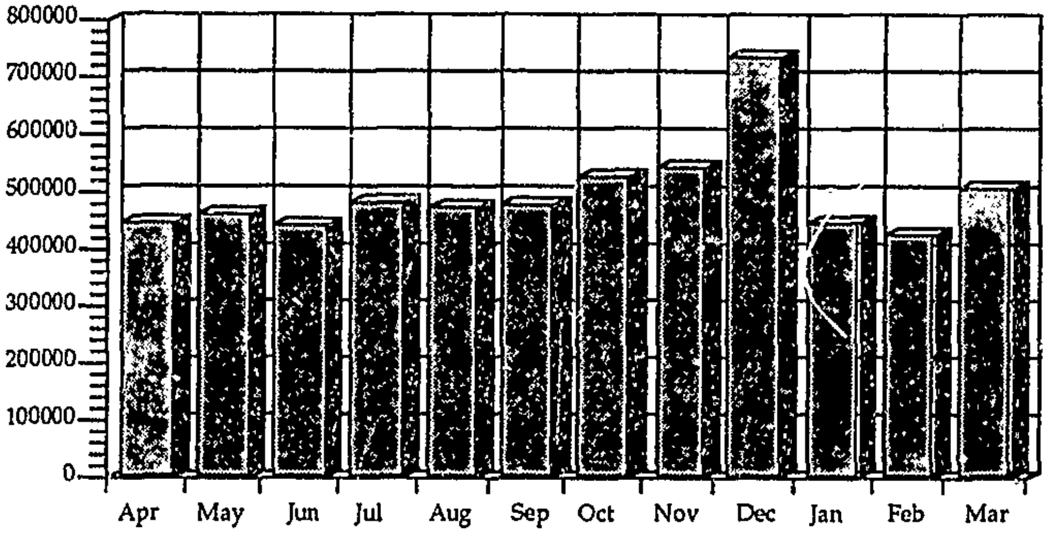
UK & Republic of Ireland

The Transax businesses in the UK and the Republic of Ireland were the first to be formed, and continue to be the dominant force within the Group. However, the expansion of other companies in the Group has meant that the UK and Ireland now account for 84% of Group turnover, compared with 94% in the 1991/92 financial year.

At 31 March 1993, the UK and Ireland subscriber base stood at 42,500 outlets, an increase of nearly 15% over the previous year. Due to the deepening recession, call volumes were depressed for the first five months of the year, and only began to record significant growth over the previous financial year during the period immediately before and after Christmas. In this context, the total of 5.99 million calls was a very creditable result, and one which enabled a profit of £1,418,526 to be recorded.



Growth in UK/Irish call volumes, 1992/93

Apart from a 5,500 increase in outlets subscribing to its cheque guarantee service, Transax has also been successful in marketing its ancillary services. A number of new customers have now been acquired for the company's existing interest-free credit and tracing services - the latter through a division of Transax, Corporate Investigations(UK). Further development in both areas is planned during the new financial year.

Transax has been looking for opportunities to build on its strong foundations in the retail marketplace. Accordingly, in August 1992, the company took a 46.25% shareholding in a new joint venture, Cashback (UK) plc, administering VAT refunds to visitors from outside the EC on behalf of retailers.

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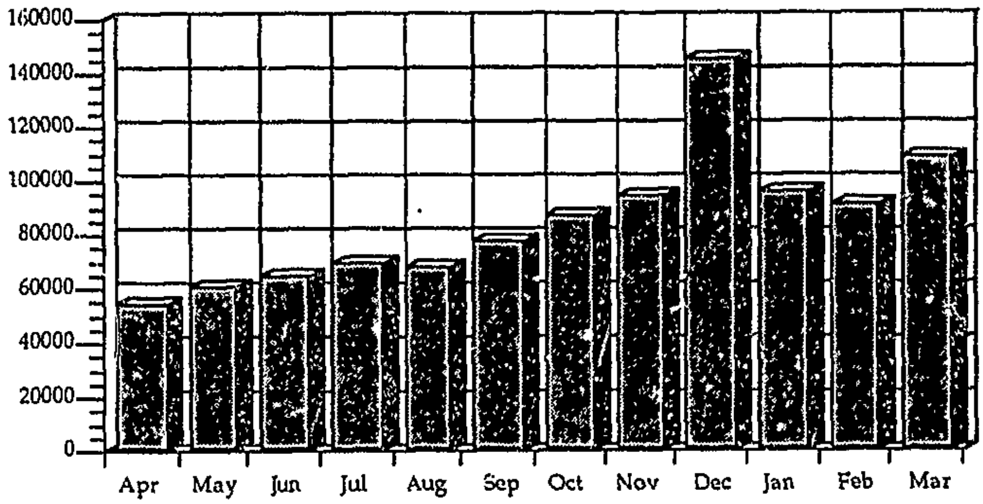
Australia

The Australian branch, which has its headquarters in Adelaide, has enjoyed rapid growth during the 1992/93 financial year. The number of subscribing outlets has virtually doubled during that time, rising from around 7,000 stores to over 13,000. Turnover has increased even more dramatically, rising from £818,000 in 1991/92 to £1,925,000 in the most recent year.



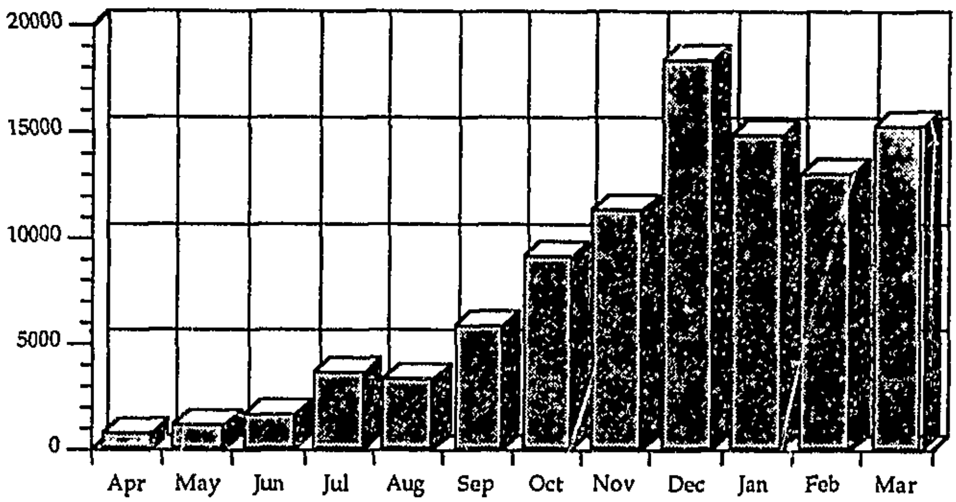
Growth in Australian call volumes, 1992/93

Since Sam Vogel's appointment as managing director of Australian operations in April 1992, the size of the sales force has been doubled, allowing Transax to compete even more effectively against an established competitor. As forecast, this growth has stemmed initial losses, which now stand at £133,000 for the year against £206,000 for 1991/92 (7% of turnover, compared with 25%). Further improvements have taken place since 31 March 1993 and at the time of preparing these accounts, Australia is making a positive contribution to Group profits.

France

The French subsidiary, which has its headquarters in the La Défense region of Paris, commenced trading in February 1992. During its first full year of operation, this subsidiary recorded turnover of £461,000, incurring a loss as anticipated. The scale of the monthly losses was increased by approximately 20% following the decision to withdraw Britain from the European Exchange Rate Mechanism and the subsequent devaluation of the pound against the franc.

Authorisations are growing steadily in volume each month, as shown by the chart below. These continue to be handled by French staff at the Birmingham head office, with calls forwarded using the toll-free International LinkLine service.



Growth in French call volumes, 1992/93

The list of subscribers includes a number of well-established high street names. At 31 March 1993, the total number of subscribing outlets using the Transax service in France stood at just under 1,000 stores.

France is anticipated to be lossmaking in the coming year, but with a movement towards breakeven and then profitability thereafter.

Results and Dividends

The results for the year were as follows:

	£
Accumulated losses at 31 March 1992	(809,744)
Retained profit for the year	469,734
Accumulated losses at 31 March 1993	(340,010)

The directors do not recommend the payment of a dividend.

Fixed Assets

The movements in fixed assets are set out in note 8 to the accounts.

Directors and their interests

The directors of the company during the year were:

M.J. Walsh (Chair)
C.W. Walsh
H.E. Johnson (Managing Director, *appointed 2 March 1993*)
J.P. Moon (*resigned 30 November 1992*)
The Hon. M.K. Greenway (*non-executive*)
L.J. Fellerman (*appointed 8th November 1992: non-executive*)
T.E.Halford (*appointed 8th November 1992: non-executive*)

The interests of directors (including indirect interests held via trusts) in the shares of the company were as follows:

Ordinary shares of £1 each	31 March 1993	31 March 1992
M.J. Walsh	14,266	18,000
C.W. Walsh	18,000	18,000
J.P. Moon	-	3,000
H.E. Johnson	-	-
M.K. Greenway	-	-
L.J. Fellerman	-	-
T.E. Halford	-	-

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Charitable donations

During the year the company donated £25,000 to charities in direct contributions and sponsorship.

Transax has become the first corporate sponsor of Airborne, a new charity headed by Noel Edmonds which gives disabled children the chance to experience flight.

Employee consultation

The Group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the company.

This is achieved through formal and informal meetings and the company's newsletters. Transax has also embarked on a programme of instituting Total Quality Management (TQM), and an increasing number of employees are now involved in "quality circles" to initiate the programme of continuous improvement.

In May 1993, the company introduced a Profit Related Pay scheme for substantially all UK full-time employees. This will enable staff to benefit directly from the profitability of the Group's largest business unit. The substantial take-up of this scheme by employees is a reflection of their commitment to the continued success of the business.

Auditors

The directors will place a resolution before the annual general meeting to re-appoint Arthur Andersen as auditors for the ensuing year.

By order of the board,

ARBracher

AR Bracher
Secretary

Tricorn House
51/53 Hagley Road
Edgbaston
Birmingham
B16 9DH

5 July 1993

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Auditors' report

Birmingham

To the members of Transax Financial Services Limited:

We have audited the accounts on pages 12 to 29 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 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.

Arthur Andersen

Arthur Andersen
Chartered Accountants and Registered Auditor

1 Victoria Square
Birmingham
B1 1BD

5 July 1993

Consolidated profit and loss account

For the year ended 31 March 1993

	Notes	1993 £	1992 £
Turnover	2	15,220,418	12,941,822
Cost of sales		(7,543,784)	(7,629,591)
Gross profit		7,676,634	5,312,231
Administrative expenses		(6,815,321)	(5,593,830)
Operating profit (loss)		861,313	(281,599)
Loss from interest in associated undertakings		(27,513)	-
Interest receivable		15,956	15,057
Interest payable and similar charges	3	(125,843)	(146,753)
Profit (loss) on ordinary activities before taxation	4	723,913	(413,295)
Tax (charge) credit on profit (loss) on ordinary activities	6	(254,179)	17,627
Profit (loss) on ordinary activities after taxation		469,734	(395,668)
Extraordinary item	7	-	(107,674)
Profit (loss) for the financial year		469,734	(503,342)
Accumulated deficit, beginning of year		(809,744)	(337,523)
Transfer from foreign currency investment translation reserve		-	31,121
Accumulated deficit, end of year		(340,010)	(809,744)

The accompanying notes are an integral part of this consolidated profit and loss account.

Consolidated balance sheet

31 March 1993

	Notes	1993 £	1992 £
Fixed assets			
Tangible assets	8	1,834,321	1,607,797
Investments	9	58,468	24,366
		1,892,789	1,632,163
Current assets			
Stocks	10	65,429	61,337
Debtors	11	1,840,872	1,388,830
Cash at bank and in hand		473,360	264,415
		2,379,661	1,714,582
Creditors: Amounts falling due within one year	12	(3,653,492)	(3,372,819)
Net current liabilities		(1,273,831)	(1,658,237)
Total assets less current liabilities		618,958	(26,074)
Creditors: Amounts falling due after more than one year	13	(593,713)	(740,995)
		25,245	(767,069)
Capital and reserves			
Called-up share capital	14	41,333	40,000
Share premium account	15	382,667	9,000
Capital redemption reserve		7,600	7,600
Foreign currency investment translation reserve		(66,345)	(13,925)
Profit and loss account		(340,010)	(809,744)
		25,245	(767,069)

Signed on behalf of the Board

M. J. Walsh Director

C. W. Walsh Director

5 July 1993

The accompanying notes are an integral part of this consolidated balance sheet.

Balance sheet

31 March 1993

	Notes	1993 £	1992 £
Fixed assets			
Tangible assets	8	1,434,254	1,417,347
Investments	9	159,818	151,177
		1,594,072	1,568,524
Current assets			
Stocks	10	42,008	42,096
Debtors	11	1,446,941	1,280,653
Cash at bank and in hand		411,905	188,562
		1,900,854	1,511,311
Creditors: Amounts falling due within one year	12	(2,972,906)	(3,182,745)
Net current liabilities		(1,072,052)	(1,671,434)
Total assets less current liabilities		522,020	(102,910)
Creditors: Amounts falling due after more than one year	13	(496,775)	(664,159)
		25,245	(767,069)
Capital and reserves			
Called-up share capital	14	41,333	40,000
Share premium account	15	382,667	9,000
Capital redemption reserve		7,600	7,600
Revaluation reserve	16	(1,275,573)	(504,722)
Profit and loss account	17	869,218	(318,947)
		25,245	(767,069)

Signed on behalf of the Board

M. J. Walsh Director

C. W. Walsh Director

5 July 1993

The accompanying notes are an integral part of this balance sheet.

Consolidated cash flow statement

For the year ended 31 March 1993

	Notes	1993 £	1992 £
Net cash inflow from operating activities	19	860,222	895,117
Returns on investments and servicing of finance			
Interest received		15,956	15,057
Interest paid		(30,877)	(29,947)
Interest element of finance lease rentals		(94,966)	(116,806)
Net cash outflow from returns on investments and servicing of finance		(109,887)	(131,696)
Taxation			
Corporation tax receipt (payment)		8,325	(188,532)
Tax received (paid)		8,325	(188,532)
Investing activities			
Liquidation of Transax SpA		-	(17,660)
Payments to acquire fixed assets (net of lease finance)		(571,381)	(394,694)
Purchase of investments		(48,226)	(255)
Sale of investments		9,736	-
Investment in associated undertaking		(23,125)	-
Net cash outflow from investing activities		(632,996)	(412,609)
Net cash inflow before financing		125,664	162,280
Financing			
Issue of ordinary share capital (net of costs of £60,000)		375,000	-
Repayment of loans		(5,711)	(7,936)
Capital element of finance lease rental payments		(155,402)	(111,748)
Net cash inflow (outflow) from financing		213,887	(119,684)
Increase in cash and cash equivalents	20	339,551	42,596

The accompanying notes are an integral part of this consolidated cashflow statement.

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

a) Basis of accounting

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

b) Basis of consolidation

The group accounts consolidate the accounts of Transax Financial Services Limited and all its subsidiary undertakings made up to 31 March 1993. The results of subsidiaries are included in the consolidated profit and loss account from the date of their acquisition. Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is written-off against reserves. As regards associated undertakings, the consolidated accounts are based on accounts which are coterminous with those of the parent company.

In the company's accounts, investments in subsidiaries and associates are stated at cost (less amounts written off) plus the group's share of the post-acquisition retained profits (losses) and reserves of the subsidiaries and associates, with a corresponding entry to the revaluation reserve. The directors consider that this policy better represents the company's investments than carrying them at cost. Amounts written-off goodwill on consolidation are also deducted from the carrying value of the relevant subsidiary in the holding company's accounts. Only dividends received and receivable are credited to the company's profit and loss account.

No profit and loss account is presented for Transax Financial Services Limited as provided by Section 230 of the Companies Act 1985. The company's profit for the financial year determined in accordance with the Act was £1,188,165 (1992 - loss £207,951).

c) Tangible fixed assets

Tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquistion, less depreciation.

Depreciation is provided at rates calculated to write-off the cost or valuation, less estimated residual value of each asset on a straight line basis over its expected useful life as follows:

Freehold buildings	50 years
Fixtures and fittings	10 years
Computer software	3 years
Short leasehold building	period of the lease
Leased computer equipment	period of the lease.

1 Accounting policies (continued)

d) Investments

Fixed asset investments (other than investments in subsidiaries - see note 1b) are shown at cost less amounts written-off. Income is included together with the related tax credit in the accounts of the year in which it is receivable.

e) Interests in associated undertakings, other participating interests, and joint ventures

Associated undertakings are entities in which a consolidated member of the group has a participating interest and over whose operating and financial policy it exercises a significant influence. They do not include subsidiary undertakings. These investments are dealt with by the equity method of accounting. That is, the consolidated profit and loss account includes the appropriate share of these companies' profits less losses (based on audited accounts up to 31 March 1993) and the group's share of post-acquisition retained profits and reserves is added to the cost of investment in the consolidated balance sheet.

f) Stocks

Stocks are stated at the lower of cost and net realisable value.

g) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax legislation) has been calculated on the liability method. Deferred taxation is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of the reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

h) Pension costs

The pension cost charge represents contributions payable by the company to the fund. Any difference between the amounts charged in the profit and loss account and paid to the pension fund is shown in the balance sheet as a liability or asset.

i) Turnover

Turnover principally represents fees charged to customers based on the number and value of cheques guaranteed in each month, subject to a minimum monthly charge. The minimum monthly charge is raised at the beginning of the month in which it falls due. Any fee above the minimum is charged monthly in arrears. Merchants are required to give one month's notice of cancellation of contract.

Group turnover comprises the value of sales, excluding VAT and intra-group transactions.

j) Guarantees

Cheques guaranteed by the company which are dishonoured on presentation by retailers are provided in full in creditors as guarantee payments due. Guarantee payments are made in full on the 20th of each month immediately following receipt of the dishonoured cheque from the retailer. Credit is taken in the accounts for any amounts considered recoverable, based upon historical performance.

Notes to accounts (continued)

1 Accounting policies (continued)

k) Leases

The group has entered into certain operating and finance leases.

Assets held under finance leases are initially reported at the fair value of each asset, with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over the shorter of the lease term and its useful economic life. Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of return on the outstanding balance. Rentals are apportioned between finance charges and reduction of the liability.

Hire purchase transactions are dealt with similarly except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

l) Foreign currency

In the accounts of the individual group companies, transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of each transaction (or where appropriate, at the rate of exchange in the related forward exchange contract). Monetary assets and liabilities denominated in foreign currencies at the year-end are reported at the rates of exchange prevailing at the year-end (or, where appropriate, at the rate of exchange in a related forward exchange contract). Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

For the purposes of consolidation and application of the equity method of accounting for the company's investment in subsidiaries, the closing rate/net investment method is used, under which translation gains or losses are shown as a movement on reserves. The profit and loss accounts of overseas subsidaries are translated at the closing exchange rate.

2 Turnover

The analysis of turnover by geographical market is as follows:

	1993	1992
	£	£
UK and Eire	12,834,771	12,122,864
Australia	1,925,021	818,101
France	460,626	857
	15,220,418	12,941,822

Notes to accounts (continued)

3 Interest payable and similar charges

	1993 £	1992 £
On bank overdrafts repayable within 5 years, not by instalments	30,877	29,947
Charges payable under finance leases	94,966	116,806
	125,843	146,753

4 Profit (loss) on ordinary activities before taxation

Profit (loss) on ordinary activities before taxation is stated after charging:

	1993 £	1992 £
Depreciation of tangible fixed assets		
- owned	224,545	105,893
- held under finance leases and hire purchase contracts	171,900	170,264
Hire of plant and machinery under operating leases	259,254	147,815
Other operating lease rentals	213,901	131,793
Auditors' remuneration		
- audit fees	40,000	31,000
- non-audit services	90,750	82,596
Staff costs (Note 5)	5,112,517	4,329,475

During the year, the company was charged £39,648 (1992 - £40,346) for management services provided by a company in which C. W. Walsh has a material interest.

5 Staff costs

Particulars of employees (including executive directors) are as shown below:

	1993 £	1992 £
Employee costs during the year amounted to:		
Wages and salaries	4,665,569	3,941,217
Social security costs	380,825	337,330
Other pension costs	66,123	50,928
	5,112,517	4,329,475

Notes to accounts (continued)

5 Staff costs (continued)

The average weekly number of persons employed by the group during the year was as follows:

	1993 Number Employed	1992 Number Employed
Operations	293	250
Administration	158	118
	451	368

Directors' remuneration:

Directors' remuneration (including pension contributions) paid in respect of management services amounted to £698,020 (1992 - £997,277).

The directors remuneration shown above (excluding pensions and pension contributions) included:

	1993 £	1992 £
Highest paid director	272,953	470,308

Directors received emoluments (excluding pensions and pension contributions) in the following ranges:

	Number	Number
Up to - £ 5,000	2	1
£ 10,001 - £ 15,000	1	-
£ 40,001 - £ 45,000	1	-
£ 45,001 - £ 50,000	-	1
£ 90,001 - £ 95,000	1	-
£260,001 - £265,000	1	-
£270,001 - £275,000	1	-
£460,001 - £465,000	-	1
£470,001 - £475,000	-	1

Notes to accounts (continued)

6 Tax charge (credit) on profit (loss) on ordinary activities

The tax charge (credit) comprises:

	1993 £	1992 £
UK Corporation tax at 33% (1992 - 33%)	251,470	(16,500)
Overseas taxation	2,709	2,873
Adjustment in respect of prior year	-	(4,000)
	254,179	(17,627)

7 Extraordinary item

The extraordinary item relates to costs of liquidating a subsidiary undertaking, Transax SpA, during the prior year.

8 Tangible fixed assets

a) Group

The movement in the year was as follows:

	Freehold Building £	Short Leasehold Building £	Fixtures and Fittings £	Leased Computer Equipment £	Computer Software £	Total £
Cost						
Beginning of year	142,153	28,559	745,451	976,025	303,927	2,196,115
Additions	-	26,917	512,383	-	71,833	611,133
Exchange adjustment	8,663	-	3,248	-	460	12,371
End of year	150,816	55,476	1,261,082	976,025	376,220	2,819,619
Depreciation						
Beginning of year	4,489	6,099	147,089	250,985	179,656	588,318
Charge	2,999	3,561	161,755	168,339	59,791	396,445
Exchange adjustment	274	-	181	-	80	535
End of year	7,762	9,660	309,025	419,324	239,527	985,298
Net book value						
Beginning of year	137,664	22,460	598,362	725,040	124,271	1,607,797
End of year	143,054	45,816	952,057	556,701	136,693	1,834,321

Included in fixtures and fittings above are £35,208 (1992 - £Nil) of assets held under finance leases.

8 Tangible fixed assets (continued)

b) Company

The movement in the year was as follows:

	Short Leasehold Building £	Fixtures and Fittings £	Leased Computer Equipment £	Computer Software £	Total £
Cost					
Beginning of year	28,559	697,556	976,025	276,884	1,979,024
Additions	26,917	311,219	-	45,011	383,147
End of year	55,476	1,008,775	976,025	321,895	2,362,171
Depreciation					
Beginning of year	6,099	134,235	250,985	170,358	561,677
Charge	3,561	141,053	168,339	53,287	366,240
End of year	9,660	275,288	419,324	223,645	927,917
Net book value					
Beginning of year	22,460	563,321	725,050	106,526	1,417,347
End of year	45,816	733,487	556,701	98,250	1,434,254

9 Fixed asset investments

The following are included in the net book value of fixed asset investments:

	Group		Company	
	1993 £	1992 £	1993 £	1992 £
Investments in subsidiaries	-	-	101,350	126,811
Investment in associate	(4,388)	-	(4,388)	-
Other investments	62,856	24,366	62,856	24,366
	58,468	24,366	159,818	151,177

9 Fixed asset investments (continued)

a) Investment in subsidiary undertakings

At the year end the group held more than 50% of the equity of the following companies (excluding dormant companies):

Name	Country of incorporation	Principal activity	Proportion and description of shares held
Transax Ireland Limited	Ireland	Cheque guarantee	100% of ordinary shares
Transax Australia plc	UK	Cheque guarantee	100% of ordinary shares
Transax France plc	UK	Cheque guarantee	100% of ordinary shares

The investment in subsidiary undertakings comprises:

	Company	
	1993	1992
	£	£
Cost of shares and amounts owed by subsidiary undertakings	1,349,410	631,533
Less: share of post acquisition retained losses of subsidiaries/goodwill written-off	(1,248,060)	(504,722)
	101,350	126,811

b) Investment in associate undertaking

During the year, the group took a 46.25% investment in Cash Back (UK) Plc, a company incorporated in Great Britain which undertakes to reclaim VAT for non EC domiciled individuals, charging an appropriate fee. The investment is shown at cost less the group's share of post-acquisition losses as follows:

	1993
	£
Cost	23,125
Share of post acquisition losses	(27,513)
End of year	(4,388)

Notes to accounts (continued)

9 Fixed asset investments (continued)

c) Other investments

	Group and Company	
	1993	1992
	£	£
Shares listed on a UK stock exchange, at cost	2,660	2,660
Shares listed on other stock exchanges, at cost	25,338	21,556
Listed at cost	27,998	24,216
Unlisted at cost	150	150
Debenture at cost	27,056	-
Other	7,652	-
	62,856	24,366

	Group and Company	
	1993	1992
	£	£
The quoted value, as of the year end, of investments listed on:		
The Stock Exchange	2,578	3,048
Overseas stock exchanges	39,987	24,174
	42,565	27,222

Movements in fixed asset investments:

	1993	1992
	£	£
Beginning of year	24,366	24,111
Additions	48,226	255
Disposals	(9,736)	-
End of year	62,856	24,366

10 Stocks

The following is included in the net book value of stocks:

	Group		Company	
	1993	1992	1993	1992
	£	£	£	£
Stationery	65,429	61,337	42,008	42,096

11 Debtors

The following are included in the net book value of debtors (all amounts falling due within one year):

	Group		Company	
	1993	1992	1993	1992
	£	£	£	£
Trade debtors	1,539,940	1,183,249	1,179,486	1,049,312
Amounts owed by subsidiary undertakings	-	-	25,498	44,024
Amounts owed by associate undertakings	12,753	-	12,753	-
Other debtors	11,171	13,003	-	6,931
Prepayments	277,008	192,578	229,204	180,386
	1,840,872	1,388,830	1,446,941	1,280,653

12 Creditors: Amounts falling due within one year

The following amounts are included in creditors falling due within one year:

	Group		Company	
	1993	1992	1993	1992
	£	£	£	£
Obligations under finance leases	186,356	160,435	182,153	160,435
Bank overdraft	380,268	446,618	180,290	364,350
Payments in advance	-	145,974	-	131,765
Trade creditors	1,223,560	1,170,698	951,315	1,055,274
Due to other group undertakings	-	-	62,868	62,868
Other creditors				
- UK corporation tax payable	290,856	28,352	288,077	27,494
- VAT	536,425	460,751	532,206	458,981
- social security and PAYE	135,628	256,665	92,817	238,745
- Other creditors	138,792	154,190	64,767	110,915
Accruals and deferred income	761,607	549,136	618,413	571,918
	3,653,492	3,372,819	2,972,906	3,182,745

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

The guarantee creditor in respect of dishonoured cheques, included within trade creditors above, was paid in full on 20 April 1993 in accordance with the company's usual practice. Other monthly guarantee payments were paid on a timely basis during the year.

12 Creditors: Amounts falling due within one year (continued)

Included within accruals is £57,646 (1992 - £74,587) of deferred income, relating to leased computer equipment, which will be released to income in equal instalments over the next three years.

13 Creditors: Amounts falling due after more than one year

	Group		Company	
	1993	1992	1993	1992
	£	£	£	£
Obligations under finance leases	522,588	664,159	496,775	664,159
Mortgage	71,125	76,836	-	-
	593,713	740,995	496,775	664,159

a) Amounts due under finance leases are repayable as follows:

	Group		Company	
	1993	1992	1993	1992
	£	£	£	£
Within 2-5 years	522,588	664,159	496,775	664,159

b) The mortgage relates to a loan secured on the freehold premises of Transax Australia plc, which is repayable in more than five years.

14 Called-up share capital

	1993	1992
	£	£
Authorised		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
100,000 12% redeemable cumulative preference shares of £1 each	100,000	100,000
	1,100,000	1,100,000
Allotted, called-up and fully-paid		
41,333 (1992 - 40,000) ordinary shares of £1 each	41,333	40,000

During the year the company allotted 1,333 ordinary shares with a nominal value of £1 and at a premium of £325 per share in consideration of the investment by Equifax.

Notes to accounts (continued)

15 Share premium account

The movement on the share premium account reflects the investment by Equifax during the year.

	1993 £	1992 £
Balance, beginning of year	9,000	9,000
Premium on allotments (net of expenses)	373,667	-
Balance, end of year	382,667	9,000

16 Revaluation reserve

The revaluation reserve represents the company's share of the post-acquisition retained profits and losses of its subsidiary companies together with goodwill written-off:

	1993 £	1992 £
Beginning of year	(504,722)	(593,546)
Transfer to the profit and loss account on liquidation of Transax Spa (Note 17)	-	382,413
Share of current year losses of subsidary and associated undertakings	(770,851)	(293,589)
End of year	(1,275,573)	(504,722)

17 Profit and loss account

The movement on the company's profit and loss account during the year was as follows:

	1993 £	1992 £
Balance, beginning of year	(318,947)	271,417
Profit (loss) for the financial year	1,188,165	(207,951)
Transfer from revaluation reserve (Note 16)	-	(382,413)
Balance, end of year	869,218	(318,947)

18 Guarantees and other financial commitments

a) Capital commitments

As at 31 March 1993 there was no expenditure contracted for but not provided for nor any expenditure authorised by the directors but not yet contracted for (1992 - £Nil).

18 Guarantees and other financial commitments (continued)

b) Lease commitments

The company is committed to making the following annual payments under operating leases:

	Group		Company	
	Property £	Plant and Machinery £	Property £	Plant and Machinery £
Operating leases which expire:				
- within 1 year	-	56,996	-	32,207
- within 2-5 years	53,565	124,929	-	100,210
- after 5 years	224,825	-	224,825	-
	278,390	181,925	224,825	132,417

c) Pension arrangements

The company maintains a non-contributory defined contribution scheme. The company contributes 4% of the employees' basic pay to the scheme. The charge for the year was £66,123 (1992 - £50,928).

19 Reconciliation of operating profit to net cash inflow from operating activites

	1993 £	1992 £
Operating profit (loss)	861,313	(281,599)
Depreciation charge	396,445	276,157
Amortisation of deferred income	(16,941)	(16,942)
Increase in stock	(4,092)	(42,256)
(Increase) decrease in debtors	(452,042)	542,751
Increase in creditors excluding taxation and loans	75,539	417,006
Net cash inflow from operating activities	860,222	895,117

20 Analysis of changes in cash and cash equivalents during the year

	1993 £	1992 £
Balance, beginning of year	(182,203)	(197,085)
Net cash inflow	339,551	42,596
Changes in exchange rate	(64,256)	(27,714)
Balance, end of year (Note 21)	93,092	(182,203)

Notes to accounts (continued)

21 Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1993	1992	Change in year
	£	£	£
Cash at bank and in hand	473,360	264,415	208,945
Bank overdraft	(380,268)	(446,618)	66,350
	93,092	(182,203)	275,295