



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: October 15, 1997
 TO: Tom Williams, Division of Communications
 FROM: Pete Lester, Division of Auditing and Financial Analysis *PL* *ALM*
 RE: Docket No. 971173-TI, Interglobe Telecommunications International, Inc., Financial *APC* *PL*
 Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

Section 364.337 (3), Florida Statutes, requires the following:

The commission shall grant a certificate of authority to provide intrastate interexchange telecommunications service upon a showing that the applicant has sufficient technical, financial, and managerial capability to provide such service in the geographic area proposed to be served.

Also Section 364.01 (3) and (4) states that:

(3) The Legislature finds that the competitive provision of telecommunications service, including local exchange telecommunications service, is in the public interest.

and

(4)(d) The Commission shall exercise its exclusive jurisdiction in order to: (d) Promote competition by encouraging new entrants into telecommunications markets . . .

Regarding the showing of financial capability, the Finance staff has analyzed the audited financial statements of Interglobe Telecommunications International, PLC, the parent company of Interglobe Telecommunications International, Inc. (ITI), for the year ending March 31, 1997. This is a British company and the financial statements are according to the standards of the UK's Auditing Practices Board. As the attached schedule shows, the parent company has inadequate liquidity, an adequate level of common equity, and adequate profitability. The liquidity ratio may be acceptable to creditors due to differences between British and U.S. financial accounting standards.

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In this matter, ITI is asking for a certificate to provide IXC service. Staff notes the limited nature of the application. For purposes of granting a certificate based on the financial information provided, the financial capability appears marginal.

DOCUMENT NUMBER - DATE
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Although an analysis of the financial statements reveals the applicant is in a marginal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that its parent company is committed to providing all necessary financial support. Also, the applicant is in partnership with WorldCom, a major telecommunications provider. Staff notes the company has no debt but does have an operating lease. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

cc: Division of Legal Services *gt*
Division of Records and Reporting (2) ✓

DOCKET NO. 971173-TI
INTERGLOBE TELECOMMUNICATIONS INTERNATIONAL, PLC
IXC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE

FROM AUDITED FINANCIAL STATEMENTS
Auditing Standards issued by the Auditing Practices Board *

IN BRITISH POUNDS	YEAR ENDED <u>MARCH 31, 1997</u>
CURRENT ASSETS	754,339
CURRENT LIABILITIES	2,069,595
CURRENT RATIO	0.36
CASH	754,339
COMMON EQUITY	636,607
TOTAL DEBT	0
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	636,607
COMMON EQUITY RATIO	100%
NET INCOME	102,903
RETURN ON EQUITY	16%

NMF=NO MEANINGFUL FIGURE

* U.K. Company, Chartered Accountants, Amounts in British Pounds