

**REGISTRAR OF
COMPANIES**

1608093

Optichrome Computer Systems Limited

Report and Financial Statements

Year Ended

30 April 1999



BDO

BDO Stoy Hayward
Chartered Accountants

OPTICHROME COMPUTER SYSTEMS LIMITED

Annual report and financial statements for the year ended 30 April 1999

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Directors

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Directors

E Stephens
M K Godding
H van Esch
A R Kassas
J H Marment
G R Richens
R Spiers
N J Tyler

Secretary and registered office

M K Godding, 96-103 Maybury Road, Woking, Surrey, GU21 5HX

Company number

1608093

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1M 1DA.

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OPTICHROME COMPUTER SYSTEMS LIMITED

Report of the directors for the year ended 30 April 1999

The directors present their annual report together with the audited financial statements for the year ended 30 April 1999.

Results and dividends

The profit and loss account is set out on page 4 and shows the profit for the year.

An interim dividend of £50,000 was paid during the year and the directors do not recommend a final dividend for the year under review.

Principal activities, trading review and future developments

The principal activities of the company are the development of computer software, sale of computer hardware and software and its subsequent maintenance.

The company has continued to invest significantly in new products during the year under review. Such expenditure is written off against profits as it is incurred. The level of expenditure on product development is expected to continue in the ensuing year. The increase in turnover resulted from considerable demand by customers to obtain millenium compliant hardware. This lower margin activity is set to continue together with increasing demand for the new product software.

The directors are satisfied with the results for the year and are hopeful for continuing levels of profitability in the following year.

Year 2000

The directors are reviewing the likely impact of the Year 2000 issue on the company's operations. They do not consider that the business will be affected to any significant extent, nor do they anticipate any material cost being incurred in addressing the issue.

Directors

The directors of the company during the year were:

E Stephens
M K Godding
H van Esch
A R Kassas
J H Marment
G R Richens
R Spiers
N J Tyler

None of the directors had any interest in the ordinary share capital of the company.

The interests of E Stephens in the share capital of the parent company, Optichrome Group Limited, are shown in the financial statements of that company.

OPTICHROME COMPUTER SYSTEMS LIMITED

Report of the directors for the year ended 30 April 1999 (*Continued*)

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

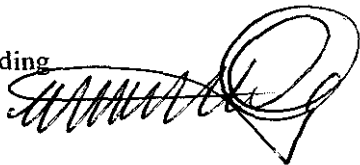
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board

M K Godding



Director

Date

10 September 1999

OPTICHROME COMPUTER SYSTEMS LIMITED

Report of the auditors

To the shareholders of Optichrome Computer Systems Limited

We have audited the financial statements on pages 4 to 12 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 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 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 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 company's affairs as at 30 April 1999 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


BDO STOY HAYWARD
*Chartered Accountants
and Registered Auditors*
London

30 September 1999

OPTICHROME COMPUTER SYSTEMS LIMITED**Profit and loss account for the year ended 30 April 1999**

	Note	1999 £	1998 £
Turnover	2	3,816,560	3,357,776
Cost of sales		3,064,621	2,516,756
Gross profit		751,939	841,020
Administrative expenses		894,907	858,048
		(142,968)	(17,028)
Other operating income	4	369,194	320,006
Operating profit		226,226	302,978
Interest payable		-	(98)
Profit on ordinary activities before taxation	5	226,226	302,880
Taxation on profit from ordinary activities	7	86,319	109,955
Profit on ordinary activities after taxation		139,907	192,925
Dividends - equity	8	50,000	120,000
Profit for the year		89,907	72,925
Retained profit brought forward		1,319,552	1,246,627
Retained profit carried forward		1,409,459	1,319,552

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The profit for the year represents the movement in shareholders' funds.

The notes on pages 6 to 12 form part of these financial statements

OPTICHRIME COMPUTER SYSTEMS LIMITED

Balance sheet at 30 April 1999

	Note	1999		1998	
		£	£	£	£
Fixed assets					
Tangible assets	9		135,153		110,965
Investments	10		80,440		80,440
			<u>215,593</u>		<u>191,405</u>
Current assets					
Stocks	11	32,164		70,187	
Debtors	12	2,138,974		2,190,420	
Cash at bank and in hand		<u>56,355</u>		<u>17,289</u>	
		2,227,493		2,277,896	
Creditors: amounts falling due within one year	13	<u>1,033,127</u>		<u>1,149,249</u>	
Net current assets			1,194,366		1,128,647
Net assets			<u>1,409,959</u>		<u>1,320,052</u>
Capital and reserves					
Called up share capital	15		500		500
Profit and loss account			1,409,459		1,319,552
Shareholders' funds			<u>1,409,959</u>		<u>1,320,052</u>

All amounts within shareholders' funds are equity.

These financial statements were approved by the Board on 6 September 1999

M K Godding
Director



The notes on pages 6 to 12 form part of these financial statements.

OPTICHROME COMPUTER SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 30 April 1999

1 Accounting policies

These financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents sales at invoiced amounts less value added tax.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets over their expected useful lives. It is calculated on the original cost of the assets at the following annual rates:

Plant and equipment	-	20% - 33⅓%
Office equipment, fixtures and fittings	-	15%
Motor vehicles	-	20% - 25%

Stocks

Stocks are valued at the lower of cost, including attributable overheads, and net realisable value.

Net realisable value is based on estimated selling price less further costs to completion.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, except that no provision is made where it can be reasonably foreseen that such deferred taxation will not be payable in the future.

Research and development expenditure

All such expenditure except that on capital equipment and licences to use software is written-off in the year it is incurred.

Foreign currency

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

OPTICHROME COMPUTER SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 30 April 1999 (Continued)

2 Turnover

Turnover is analysed by market below:

	1999 £	1998 £
U.K.	3,323,012	3,003,665
Europe	410,001	302,469
Australia	18,579	2,777
Other overseas	64,968	48,865
	<u>3,816,560</u>	<u>3,357,776</u>

3 Employees

Staff costs (including directors) consist of:

Wages and salaries	862,304	736,433
Social security costs	89,268	72,819
Pension costs	6,138	8,502
	<u>957,710</u>	<u>817,754</u>

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

	Number	Number
Full time	<u>37</u>	<u>31</u>

4 Other operating income

This includes income from fellow group undertakings of £360,000 (1998 - £320,000).

OPTICHROME COMPUTER SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 30 April 1999 (*Continued*)

5 Profit on ordinary activities before taxation

	1999 £	1998 £
This is arrived at after charging:		
Depreciation	60,308	39,397
Auditors' remuneration	18,500	20,150
Operating lease rentals	100,979	91,726
	<u>179,787</u>	<u>151,273</u>

6 Directors' emoluments

Aggregate emoluments	151,801	167,431
Company pension contributions to money purchase schemes	2,708	3,272
	<u>154,509</u>	<u>170,703</u>

Retirement benefits are accruing to two directors under money purchase pension schemes (1998 – 2).

7 Taxation on profit from ordinary activities

	1999 £	1998 £
Payment relating to group relief	86,319	72,420
Under/(over) provision in prior year	-	55,455
Transfer from deferred taxation	-	(17,920)
	<u>86,319</u>	<u>109,955</u>

8 Dividends

Interim dividends paid in year	50,000	120,000
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OPTICHROME COMPUTER SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 30 April 1999 (*Continued*)

9 Tangible assets

	Plant and equipment £	Office equipment, fixtures and fittings £	Motor vehicles £	Total £
<i>Cost</i>				
At 1 May 1998	222,406	42,553	27,109	292,068
Additions	70,074	14,875	-	84,949
Disposals	(23,475)	(2,218)	-	(25,693)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 1999	269,005	55,210	27,109	351,324
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 May 1998	145,390	27,303	8,410	181,103
Provided for the year	48,555	6,331	5,422	60,308
Disposals	(23,474)	(1,766)	-	(25,240)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 1999	170,471	31,868	13,832	216,171
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 30 April 1999	98,534	23,342	13,277	135,153
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 1998	77,016	15,250	18,699	110,965
	<hr/>	<hr/>	<hr/>	<hr/>

OPTICHROME COMPUTER SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 30 April 1999 (Continued)

10 Investments

	Subsidiary undertakings £
<i>Cost</i>	
At 1 May 1998 and 30 April 199	80,440

The following companies were subsidiary undertakings at the end of the year:

	Country of registration	Proportion of equity held	Nature of business
Subsidiary undertakings			
Optichrome Computer Solutions Limited	England	100%	Software development
Optichrome Management Information Systems Pty Limited	Queensland, Australia	100%	Software development
Optichrome Computer Systems (Espana) SA	Spain	100%	Software development

The company is exempt from the obligations to prepare group financial statements as it is itself a subsidiary undertaking and its immediate parent undertaking is established under the law of a member state of the European Union.

11 Stock

	1999 £	1998 £
Finished goods and goods for resale	32,164	70,187

12 Debtors

Amounts receivable within one year

Trade debtors	1,058,624	731,778
Amount owed by parent undertakings	670,920	1,181,554
Amount owed by subsidiary undertakings	270,320	172,430
Other debtors	500	500
Prepayments and accrued income	138,610	104,158
	2,138,974	2,190,420

OPTICHROME COMPUTER SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 30 April 1999 *(Continued)*

13 Creditors: amounts falling due within one year

	1999 £	1998 £
Bank overdraft	-	122,386
Trade creditors	158,651	136,967
Other creditors	-	3,000
Taxation and social security	83,770	60,138
Amount due to subsidiary undertakings	673	12,105
Accruals and deferred income	790,033	814,653
	<u>1,033,127</u>	<u>1,149,249</u>

The bank overdraft was unsecured.

14 Deferred taxation

	1999 Unprovided £	1999 Provided in accounts £	1998 Unprovided £	1998 Provided in accounts £
Accelerated capital allowances	<u>11,775</u>	<u>-</u>	<u>12,185</u>	<u>-</u>

15 Share capital

	1999 £	1998 £
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>500</u>	<u>500</u>

OPTICHROME COMPUTER SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 30 April 1999 *(Continued)*

16 Operating lease commitments

At 30 April 1999 the company had annual commitments in respect of operating leases as follows:

	Other 1999 £	Other 1998 £
Operating leases which expire:		
Within one year	54,100	23,494
In two to five years	37,797	55,644
	<hr/>	<hr/>
	91,897	79,138
	<hr/>	<hr/>

17 Parent company

The company is a wholly owned subsidiary undertaking of Optichrome Group Limited, a company registered in England.

18 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £6,138 (1998 -£8,502). At the 30 April 1999 there were no outstanding or prepaid contributions to the scheme.

18 Cash flow statement

The company has used the exemption under Financial Reporting Standard 1, 'Cash Flow Statements', not to prepare a cash flow statement as a consolidated cash flow statement is included in the financial statements of its ultimate parent company.

19 Related party transactions

The company has taken advantage of the exemption available to ninety per cent owned subsidiaries under FRS8 and not disclosed these transactions.