

1608093

**REGISTRAR OF
COMPANIES**

Optichrome Computer Systems Limited

Report and Financial Statements

Year Ended

30 April 1997



BDO

BDO Stoy Hayward
Chartered Accountants

OPTICHROME COMPUTER SYSTEMS LIMITED

Annual report and financial statements for the year ended 30 April 1997

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Directors

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Directors

E Stephens
M K Godding
A R Kassas
N J Tyler
M F Harding

Secretary and registered office

K I Godding, 98 Maybury Road, Woking, Surrey, GU21 5HX

Company number

1608093

Auditors

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

OPTICHROME COMPUTER SYSTEMS LIMITED

Report of the directors for the year ended 30 April 1997

The directors present their annual report together with the audited financial statements for the year ended 30 April 1997.

Results and dividends

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

The directors recommend the payment of a dividend of £600,000 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 directors are satisfied with the results for the year and are hopeful for continuing levels of profitability in the following year.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	1997	1996
E Stephens	-	500
M K Godding	-	-
E P Harding (resigned 30 April 1997)	-	-
A R Kassas	-	-
N J Tyler	-	-
J P Spring (resigned 28 February 1997)	-	-
M F Harding (appointed 1 November 1996)	-	-

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 1997 (*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.

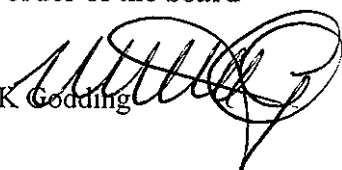
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

26 February 1998

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 13 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 1997 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

26 February 1998

OPTICHROME COMPUTER SYSTEMS LIMITED

Profit and loss account for the year ended 30 April 1997

	Note	1997 £	1996 £
Turnover	2	3,516,853	3,237,302
Cost of sales		2,452,646	2,524,123
Gross profit		1,064,207	713,179
Administrative expenses		796,362	730,323
		267,845	(17,144)
Other operating income	4	297,044	520,400
Operating profit		564,889	502,750
Profit on disposal of investment in related companies	5	193,658	-
Interest receivable		557	37,094
Interest payable		(4,973)	(11,413)
Profit on ordinary activities before taxation	5	754,131	528,937
Taxation on profit from ordinary activities	7	141,822	192,049
Profit on ordinary activities after taxation		612,309	336,888
Dividends - equity	8	600,000	60,000
Profit for the year		12,309	276,888
Retained profit brought forward		1,234,318	957,430
Retained profit carried forward		1,246,627	1,234,318

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 13 form part of these financial statements

OPTICHROME COMPUTER SYSTEMS LIMITED

Balance sheet at 30 April 1997

	Note	1997		1996	
		£	£	£	£
Fixed assets					
Tangible assets	9		80,070		661,389
Investments	10		<u>80,440</u>		<u>114,415</u>
			160,510		775,804
Current assets					
Investments	11		-	272,006	
Stocks - goods for resale		68,195		28,902	
Debtors	12	2,515,405		1,247,629	
Cash at bank and in hand		<u>59,114</u>		<u>475,319</u>	
		2,642,714		2,023,856	
Creditors: amounts falling due within one year	13	<u>1,535,177</u>		<u>1,451,609</u>	
Net current assets			<u>1,107,537</u>		<u>572,247</u>
			1,268,047		1,348,051
Creditors: amounts falling due after more than one year	14	3,000		75,511	
Provision for liabilities and charges					
Deferred taxation	15	<u>17,920</u>		<u>37,722</u>	
			<u>20,920</u>		<u>113,233</u>
			1,247,127		1,234,818
Capital and reserves					
Called up share capital	16		500		500
Profit and loss account			<u>1,246,627</u>		<u>1,234,318</u>
Shareholders' funds			<u>1,247,127</u>		<u>1,234,818</u>

All amounts within shareholders' funds are equity.

These financial statements were approved by the Board on 26 February 1998

Director

M K Godding

The notes on pages 6 to 13 form part of these financial statements.

OPTICHROME COMPUTER SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 30 April 1997

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 to outside customers at invoiced amounts less value added tax.

Depreciation and amortisation

Depreciation and amortisation 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%

Freehold land is not depreciated.

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.

OPTICHROME COMPUTER SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 30 April 1997 (*Continued*)

2 Turnover

Turnover is analysed by market below:

	1997 £	1996 £
U.K.	3,229,302	2,754,757
Europe	215,799	385,754
Australia	49,419	76,268
Other overseas	22,333	20,523
	<u>3,516,853</u>	<u>3,237,302</u>

3 Employees

Staff costs (including directors) consist of:

Wages and salaries	746,483	649,983
Social security costs	69,104	56,442
Pension costs	754	22,774
	<u>792,398</u>	<u>728,265</u>

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

	Number	Number
Full time	28	26
	<u>28</u>	<u>26</u>

4 Other operating income

This includes income from fellow group undertakings of £273,200 (1996 - £242,700).

OPTICHROME COMPUTER SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 30 April 1997 (*Continued*)

5 Profit on ordinary activities before taxation

	1997 £	1996 £
This is arrived at after charging/(crediting):		
Depreciation - owned and leased assets	36,306	265,779
Auditors' remuneration - audit services	14,000	13,155
Operating lease rentals	62,152	119,980
Profit on disposal of investment in related companies (see below)	(193,658)	-
	<u> </u>	<u> </u>

The profit arises from the disposal of shares in Bourne Press Limited and Optichrome Limited to the ultimate parent company, Optichrome Group Limited.

6 Directors' emoluments

	1997 £	1996 £
Remuneration for management services	211,607	274,457
	<u> </u>	<u> </u>

7 Taxation on profit from ordinary activities

Corporation tax based at 31% (1996 - 33%) on profits for the year	175,809	212,699
Overprovision in prior year	(14,185)	-
Transfer from deferred taxation	(19,802)	(20,650)
	<u> </u>	<u> </u>
	141,822	192,049
	<u> </u>	<u> </u>

8 Dividends

Interim dividends of £1,200 (1996 - £120) per share	600,000	60,000
	<u> </u>	<u> </u>

OPTICHROME COMPUTER SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 30 April 1997 (*Continued*)

9 Tangible assets

	Freehold land £	Plant and equipment £	Office equipment, fixtures and fittings £	Motor vehicles £	Total £
<i>Cost</i>					
At 1 May 1996	317,635	733,213	27,097	49,180	1,127,125
Additions	-	32,877	10,436	33,803	77,116
Disposals	-	(12,009)	(940)	(42,609)	(55,558)
Transfer to group companies	(317,635)	(596,007)	-	(13,265)	(926,907)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 1997	-	158,074	36,593	27,109	221,776
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At 1 May 1996	-	440,974	17,385	7,377	465,736
Provided for the year	-	21,262	4,802	10,242	36,306
Eliminated on disposals	-	(9,709)	(350)	(12,641)	(22,700)
Transfer to group companies	-	(335,646)	-	(1,990)	(337,636)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 1997	-	116,881	21,837	2,988	141,706
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 30 April 1997	-	41,193	14,756	24,121	80,070
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 1996	317,635	292,239	9,712	41,803	661,389
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of tangible fixed assets includes an amount of £Nil (1996 - £178,758) in respect of assets held under hire purchase contract. The related depreciation charge for the year was £Nil (1996 - £79,502).

OPTICHROME COMPUTER SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 30 April 1997 (*Continued*)

10 Investments

	Subsidiary undertakings £	Other investments £	Total £
<i>Cost</i>			
At 1 May 1996	114,415	1,757	116,172
Additions	78,940	-	78,940
Transfer to group company	(112,915)	-	(112,915)
	<hr/>	<hr/>	<hr/>
At 30 April 1997	80,440	1,757	82,197
	<hr/>	<hr/>	<hr/>
<i>Provision</i>			
At 1 May 1996 and 30 April 1997	-	1,757	1,757
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 April 1997	80,440	-	80,440
	<hr/>	<hr/>	<hr/>
At 30 April 1996	114,415	-	114,415
	<hr/>	<hr/>	<hr/>

The addition to subsidiary undertakings in the year represents the establishment of Optichrome Management Information Systems Pty and Optichrome Computer Systems (Espana) SA both of which began to trade in the year.

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

	Country of registration	Proportion of equity held	Nature of business
<i>Subsidiary undertakings</i>			
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
<i>Other investments</i>			
Optichrome Pty Limited	New South Wales, Australia	10%	Distribution of computer software

As a result of a reorganisation which took place in the year the company is now a wholly owned subsidiary undertaking of Optichrome Group Limited. Consolidated financial statements are prepared by that company.

OPTICHROME COMPUTER SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 30 April 1997 (Continued)

11 Current asset investments

	1997 £	1996 £
Quoted securities	-	10,706
Other investment	-	261,300
	<u>-</u>	<u>272,006</u>

12 Debtors

Amounts receivable within one year

Trade debtors	653,215	898,084
Amount owed by parent company	1,679,008	-
Amount owed by subsidiary undertakings	84,766	7,586
Other debtors	500	238,370
Prepayments and accrued income	97,916	103,589
	<u>2,515,405</u>	<u>1,247,629</u>

13 Creditors: amounts falling due within one year

Trade creditors	227,725	219,833
Other creditors	36,000	36,000
Taxation and social security	77,093	115,054
Amount due to subsidiary undertakings	141,719	54,377
Corporation tax	176,644	195,000
Advance corporation tax payable	-	11,750
Accruals and deferred income	875,996	752,261
Obligations under finance lease and hire purchase contracts	-	67,334
	<u>1,535,177</u>	<u>1,451,609</u>

OPTICHROME COMPUTER SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 30 April 1997 (*Continued*)

14 Creditors: amounts falling due after more than one year

	1997 £	1996 £
Other creditors	3,000	39,000
Obligations under finance lease and hire purchase contracts	-	36,511
	<u>3,000</u>	<u>75,511</u>
Obligations under finance lease and hire purchase contracts are due as follows:		
Within 1 - 2 years	-	36,511
	<u>-</u>	<u>36,511</u>

15 Deferred taxation

The potential liability for deferred taxation and the amount provided in the accounts, calculated at 31% (1996 - 33%) is as follows:

Accelerated capital allowances	17,920	61,779
Other timing differences	-	(24,057)
	<u>17,920</u>	<u>37,722</u>

16 Share capital

Authorised, allotted, called up and fully paid

Ordinary shares of £1 each	500	500
	<u>500</u>	<u>500</u>

OPTICHROME COMPUTER SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 30 April 1997 (*Continued*)

17 Operating lease commitments

At 30 April 1997 the company had annual commitments in respect of operating leases as follows:

	1997 £	1996 £
Operating leases which expire:		
Within one year	3,648	11,471
In two to five years	59,988	49,444
	<hr/>	<hr/>
	63,636	60,915
	<hr/>	<hr/>

18 Parent company

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