

1608093

Optichrome Computer Systems Limited

Report and Financial Statements

Year Ended

30 April 1996

**REGISTRAR OF
COMPANIES**



BDO

BDO Stoy Hayward
Chartered Accountants

OPTICHROME COMPUTER SYSTEMS LIMITED

Annual report and financial statements for the year ended 30 April 1996

Contents

Directors

Page:

1	Report of the directors
3	Consolidated profit and loss account
4	Consolidated balance sheet
5	Balance sheet
6	Consolidated cash flow statement
7	Notes forming part of the financial statements
21	Report of the auditors

Directors

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

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 1996

The directors present their annual report together with the audited financial statements for the year ended 30 April 1996.

Principal activities, trading review and future developments

The principal activities of the group are the development of computer software, sale of computer hardware and software and its subsequent maintenance; the selling of its products through distribution agreements overseas and acting as general printers and manufacturers of plastic presentation products.

The group has reported increased profits for the year and the directors are confident that this trend will continue in the coming year.

Results and dividends

The consolidated profit and loss account is set out on page 3 and shows the profit for the year.

The directors do not recommend the payment of a final dividend for the year under review. Interim dividends totalling £120 per share were paid during the year.

Fixed assets

Movements on fixed assets are shown in notes 10 and 11 to the financial statements.

Directors

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

	1996	1995
E Stephens	500	500
M K Godding	-	-
E P Harding	-	-
A R Kassas	-	-
N J Tyler	-	-
J P Spring	-	-

OPTICHROME COMPUTER SYSTEMS LIMITED

Report of the directors for the year ended 30 April 1996 (*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.

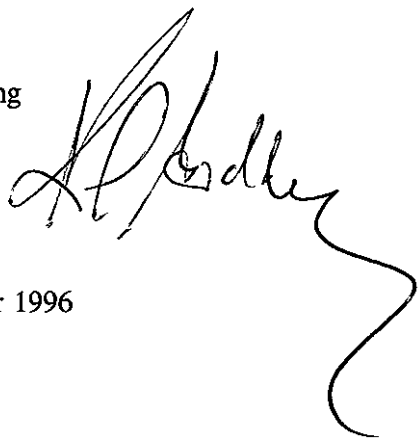
Auditors

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

K I Godding

Secretary



18 October 1996

OPTICHROME COMPUTER SYSTEMS LIMITED

Consolidated profit and loss account for the year ended 30 April 1996

	Note	1996		1995	
		£	£	£	£
Turnover	2		5,081,481		4,252,311
Cost of sales			<u>3,343,722</u>		<u>2,660,360</u>
Gross profit			1,737,759		1,591,951
Distribution costs		235,493		259,809	
Administrative expenses		<u>1,062,546</u>		<u>940,897</u>	
			<u>1,298,039</u>		<u>1,200,706</u>
			439,720		391,245
Other operating income					
Plant rental		119,980		243,178	
Rent receivable		5,609		10,553	
Profit on disposal of fixed assets		119,392		4,119	
Profit on disposal of investments		<u>1,343</u>		<u>-</u>	
			<u>246,324</u>		<u>257,850</u>
Operating profit			686,044		649,095
Dividends received		506		8	
Interest receivable		37,094		12,867	
Interest payable	4	<u>(17,380)</u>		<u>(24,248)</u>	
			<u>20,220</u>		<u>(11,373)</u>
Profit on ordinary activities before taxation	5		706,264		637,722
Taxation on profit from ordinary activities	7		<u>246,227</u>		<u>221,290</u>
Profit on ordinary activities after taxation			460,037		416,432
Minority interests			<u>25,549</u>		<u>18,782</u>
Profit for the year			434,488		397,650
Dividends	8		<u>60,000</u>		<u>60,000</u>
Retained profit for the year	19		374,488		337,650
Profit for the year retained by:					
Parent company			276,888		265,368
Subsidiary undertakings			<u>97,600</u>		<u>72,282</u>
			<u>374,488</u>		<u>337,650</u>

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 7 to 20 form part of these financial statements

OPTICHROME COMPUTER SYSTEMS LIMITED

Consolidated balance sheet at 30 April 1996

	Note	1996	1995
		£	£
Fixed assets			
Tangible assets	10	1,168,628	1,384,693
Current assets			
Investments	12	272,006	5,634
Stocks	13	105,778	120,255
Debtors	14	1,547,280	1,069,730
Cash at bank and in hand		<u>478,142</u>	<u>535,387</u>
		2,403,206	1,731,006
Creditors: amounts falling due within one year	15	<u>1,868,305</u>	<u>1,659,220</u>
Net current assets		<u>534,901</u>	<u>71,786</u>
Total assets less current liabilities		1,703,529	1,456,479
Creditors: amounts falling due after more than one year	16	75,511	198,034
Provision for liabilities and charges			
Deferred taxation	17	<u>88,091</u>	<u>118,555</u>
		<u>163,602</u>	<u>316,589</u>
		1,539,927	1,139,890
Capital and reserves			
Called up share capital	18	500	500
Profit and loss account	19	1,429,143	1,054,655
Capital reserve arising on consolidation		<u>14,710</u>	<u>14,710</u>
Shareholders' funds		1,444,353	1,069,875
Minority interests		<u>95,574</u>	<u>70,025</u>
		1,539,927	1,139,890

All amounts within shareholders' funds are equity.

These financial statements were approved by the Board on 18 October 1996

E Stephens)

) Directors

M K Godding)

The notes on pages 7 to 20 form part of these financial statements.

OPTICHROME COMPUTER SYSTEMS LIMITED

Balance sheet at 30 April 1996

	Note	1996	1995
		£	£
Fixed assets			
Tangible assets	10	661,389	947,459
Investments	11	<u>114,415</u>	<u>113,415</u>
		775,804	1,060,874
Current assets			
Investments	12	272,006	5,634
Stocks	13	28,902	60,873
Debtors	14	1,247,629	813,577
Cash at bank and in hand		<u>475,319</u>	<u>532,850</u>
		2,023,856	1,412,934
Creditors: amounts falling due within one year	15	<u>1,451,609</u>	<u>1,305,904</u>
Net current assets		<u>572,247</u>	<u>107,030</u>
		1,348,051	1,167,904
Creditors: amounts falling due after more than one year	16	75,511	151,602
Provision for liabilities and charges			
Deferred taxation	17	<u>37,722</u>	<u>58,372</u>
		<u>113,233</u>	<u>209,974</u>
		<u>1,234,818</u>	<u>957,930</u>
Capital and reserves			
Called up share capital	18	500	500
Profit and loss account	19	<u>1,234,318</u>	<u>957,430</u>
Shareholders' funds		<u>1,234,818</u>	<u>957,930</u>

All amounts within shareholders' funds are equity.

These financial statements were approved by the Board on 18 October 1996

E Stephens)
) **Directors**
 M K Godding)

The notes on pages 7 to 20 form part of these financial statements.

OPTICHROME COMPUTER SYSTEMS LIMITED

Consolidated cash flow statement for the year ended 30 April 1996

	Note	1996	1995
		£	£
Net cash inflow from operating activities	22	572,609	728,708
Returns on investments and servicing of finance			
Interest received		37,094	12,867
Interest paid		(17,380)	(24,248)
Dividends paid		(60,000)	(60,000)
Dividend received		506	8
Net cash outflow from returns on investments and servicing of finance		(39,780)	(71,373)
Tax paid		(232,277)	(110,656)
Investing activities			
Payments to acquire fixed assets		(274,685)	(110,063)
Receipts from sale of fixed assets		266,476	180,974
Payments to acquire current asset investments		(276,623)	-
Receipts from sale of current asset investments		11,594	-
Net cash (outflow)/inflow from investing activities		(273,238)	70,911
Net cash inflow before financing		27,314	617,590
Financing			
Capital element of hire purchase payments 23		(83,524)	(95,756)
Net cash outflow from financing		(83,524)	(95,756)
Increase in cash and cash equivalents	24	(56,210)	521,834

The notes on pages 7 to 20 form part of these financial statements.

OPTICHROME COMPUTER SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 30 April 1996

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:

Basis of consolidation

The consolidated accounts incorporate the financial statements of the parent company and its subsidiary undertakings made up to 30 April 1996.

The subsidiary undertaking's financial statements are prepared on the same basis as the parent company.

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:

Improvement to leasehold premises	- Over period of lease
Plant and equipment	- 20% - 33 $\frac{1}{3}$ %
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.

OPTICHROME COMPUTER SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 30 April 1996 (*Continued*)

1 Accounting policies (*Continued*)

Leased assets

Where assets are financed by hire purchase agreements that give rights approximating to ownership, the assets are treated as if purchased outright. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life.

Future instalments under such agreements, net of interest charge, are included within creditors. Rentals payable are apportioned between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the hire purchase agreement. The capital element reduces the outstanding obligations for future instalments.

All other leases are treated as operating leases and their rentals are charged to the profit and loss account as incurred over the lease term.

2 Turnover and profits

	Turnover		Profit before tax	
	1996	1995	1996	1995
	£	£	£	£
Turnover and profits before tax by activity:				
Development and sale of computer software and sale of hardware and distribution overseas	3,270,148	2,697,515	551,304	500,480
General printers	1,811,333	1,510,976	154,960	120,354
Presentation products	-	43,820	-	16,888
	<u>5,081,481</u>	<u>4,252,311</u>	<u>706,264</u>	<u>637,722</u>

Turnover is analysed by market below:

	Turnover	
	1996	1995
	£	£
U.K.	4,566,089	3,809,548
Europe	418,601	388,115
Australia	76,268	29,977
Other overseas	20,523	24,671
	<u>5,081,481</u>	<u>4,252,311</u>

OPTICHROME COMPUTER SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 30 April 1996 (Continued)

3 Employees

	1996 £	1995 £
Staff costs (including directors) consist of:		
Wages and salaries	1,369,439	1,080,765
Social security costs	129,706	105,834
Pension costs	35,227	36,868
	<u>1,534,372</u>	<u>1,223,467</u>

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

	Number	Number
Full time	63	55
	<u>63</u>	<u>55</u>

4 Interest payable

	£	£
Hire purchase interest	17,380	24,248
	<u>17,380</u>	<u>24,248</u>

5 Profit on ordinary activities before taxation

This is arrived at after charging:

Depreciation of tangible assets - owned and leased assets	343,666	340,231
Auditors' remuneration - audit services	25,495	20,300
Operating lease rental - premises	120,727	103,631
	<u>489,888</u>	<u>464,162</u>

OPTICHROME COMPUTER SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 30 April 1996 (*Continued*)

6 Directors' emoluments

	1996 £	1995 £
Remuneration for management services	274,457	260,174
Emoluments (excluding pension contributions) of: Chairman	19,482	19,482
Highest paid director	72,809	68,555
The emoluments of the other directors (excluding pension contributions) fell within the ranges:	Number	Number
£ Nil - £ 5,000	1	-
£ 15,001 - £ 20,000	-	1
£ 20,001 - £ 25,000	1	-
£ 40,001 - £ 45,000	1	1
£ 45,001 - £ 50,000	1	-
£ 50,001 - £ 55,000	-	1
£ 56,001 - £ 60,000	-	1

7 Taxation on profit from ordinary activities

	£	£
Corporation tax based at 33% (1995 - 33%) on profits for the year	276,221	269,800
Underprovision in prior year	470	329
Transfer from deferred taxation	(30,464)	(48,839)
	246,227	221,290

OPTICHROME COMPUTER SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 30 April 1996 (*Continued*)

8 Dividends

	1996 £	1995 £
Interim dividends of £120 (1995 - £120) per share - paid	60,000	60,000

The dividends for 1996 were paid as follows:

£26 per share	5 October 1995
£94 per share	23 April 1996

9 Intangible assets

Group and company

Licences £

Cost

At beginning and end of year	7,459
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Amortisation

At beginning and end of year	7,459
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Net book value

At 1 May 1995 and 30 April 1996	-
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OPTICHROME COMPUTER SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 30 April 1996 (*Continued*)

10 Tangible assets

Group	Freehold land £	Improvement to leasehold premises £	Plant and equipment £	Office equipment, fixtures and fittings £	Motor vehicles £	Total £
<i>Cost</i>						
At 1 May 1995	317,635	16,653	1,736,952	50,782	13,050	2,135,072
Additions	-	-	214,859	10,646	49,180	274,685
Disposals	-	-	(364,035)	-	-	(364,035)
	<u>317,635</u>	<u>16,653</u>	<u>1,587,776</u>	<u>61,428</u>	<u>62,230</u>	<u>2,045,722</u>
At 30 April 1996	317,635	16,653	1,587,776	61,428	62,230	2,045,722
<i>Depreciation</i>						
At 1 May 1995	-	16,653	687,504	41,871	4,351	750,379
Provided for the year	-	-	328,202	4,825	10,639	343,666
Eliminated on disposals	-	-	(216,951)	-	-	(216,951)
	<u>-</u>	<u>16,653</u>	<u>798,755</u>	<u>46,696</u>	<u>14,990</u>	<u>877,094</u>
At 30 April 1996	-	16,653	798,755	46,696	14,990	877,094
<i>Net book value</i>						
At 30 April 1996	<u>317,635</u>	<u>-</u>	<u>789,021</u>	<u>14,732</u>	<u>47,240</u>	<u>1,168,628</u>
At 30 April 1995	<u>317,635</u>	<u>-</u>	<u>1,049,448</u>	<u>8,911</u>	<u>8,699</u>	<u>1,384,693</u>

The net book value of tangible fixed assets includes an amount of £341,271 (1995 - £432,556) in respect of assets held under hire purchase contracts. The related depreciation charge for the year was £115,601 (1995 - £115,014).

OPTICHROME COMPUTER SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 30 April 1996 (*Continued*)

10 Tangible assets (*Continued*)

Company

	Freehold land £	Plant and equipment £	Office equipment, fittings and fittings £	Motor vehicles £	Total £
<i>Cost</i>					
At 1 May 1995	317,635	1,056,375	18,350	-	1,392,360
Additions	-	8,365	8,747	49,180	66,292
Disposals	-	(331,527)	-	-	(331,527)
	<u>317,635</u>	<u>733,213</u>	<u>27,097</u>	<u>49,180</u>	<u>1,127,125</u>
At 30 April 1996	317,635	733,213	27,097	49,180	1,127,125
<i>Depreciation</i>					
At 1 May 1995	-	429,247	15,654	-	444,901
Provided for the year	-	196,671	1,731	7,377	205,779
Eliminated on disposals	-	(184,944)	-	-	(184,944)
	<u>-</u>	<u>440,974</u>	<u>17,385</u>	<u>7,377</u>	<u>465,736</u>
At 30 April 1996	-	440,974	17,385	7,377	465,736
<i>Net book value</i>					
At 30 April 1996	<u>317,635</u>	<u>292,239</u>	<u>9,712</u>	<u>41,803</u>	<u>661,389</u>
At 30 April 1995	<u>317,635</u>	<u>627,128</u>	<u>2,696</u>	<u>-</u>	<u>947,459</u>

The net book value of tangible fixed assets includes an amount of £178,758 (1995 - £222,344) in respect of assets held under hire purchase contract. The related depreciation charge for the year was £79,502 (1995 - £74,115).

OPTICHROME COMPUTER SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 30 April 1996 (*Continued*)

11 Investments

	Subsidiary undertakings £	Other investments £	Total £
<i>Cost</i>			
At 1 May 1995	113,415	1,757	115,172
Additions	1,000	-	1,000
	<hr/>	<hr/>	<hr/>
At 30 April 1996	114,415	1,757	116,172
	<hr/>	<hr/>	<hr/>
<i>Provision</i>			
At 1 May 1995 and 30 April 1996	-	1,757	1,757
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 April 1996	114,415	-	114,415
	<hr/>	<hr/>	<hr/>
At 30 April 1995	113,415	-	113,415
	<hr/>	<hr/>	<hr/>

The addition to subsidiary undertakings in the year represents the establishment of Optichrome Computer Solutions Limited 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
Subsidiary undertaking			
Optichrome Computer Solutions Limited	England	100%	Software development
Bourne Press Limited	England	76%	Printers
Other investments			
Optichrome Pty Limited	New South Wales, Australia	10%	Distribution of computer software

OPTICHROME COMPUTER SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 30 April 1996 (*Continued*)

12 Current asset investments

	1996 £	1995 £
Group and Company		
Quoted securities	10,706	5,634
Other investment	261,300	-
	<u>272,006</u>	<u>5,634</u>

The quoted investments are listed on the UK Stock Exchange and had a market value of £15,768 at 30 April 1996.

On 29 November 1995 the company acquired 667 shares in Optichrome Limited for a total consideration of £261,300. This investment is held for the short term pending a group re-organisation.

13 Stocks

	1996		1995	
	Group £	Company £	Group £	Company £
Computer hardware and software held for resale	28,902	28,902	60,873	60,873
Raw materials and consumables	63,546	-	32,160	-
Work in progress	13,330	-	27,222	-
	<u>105,778</u>	<u>28,902</u>	<u>120,255</u>	<u>60,873</u>

There is no material difference between the replacement cost of stock and the amount at which they are included in the financial statements.

OPTICHROME COMPUTER SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 30 April 1996 (Continued)

14 Debtors

	1996		1995	
	Group £	Company £	Group £	Company £
Amounts receivable within one year				
Trade debtors	1,179,344	898,084	931,026	700,666
Amount owed by subsidiary undertakings	-	7,586	-	2,871
Other debtors	245,797	238,370	18,936	3,983
Prepayments and accrued income	122,139	103,589	119,768	106,057
	<u>1,547,280</u>	<u>1,247,629</u>	<u>1,069,730</u>	<u>813,577</u>

15 Creditors: amounts falling due within one year

	1996		1995	
	Group £	Company £	Group £	Company £
Bank overdraft	-	-	1,035	-
Trade creditors	474,279	219,833	463,279	261,911
Other creditors	36,000	36,000	1,104	1,104
Taxation and social security	145,962	115,054	102,980	83,212
Amount due to subsidiary undertakings	-	54,377	-	5,655
Corporation tax	261,221	195,000	249,271	191,700
Advance corporation tax payable	11,750	11,750	9,750	9,750
Accruals and deferred income	829,069	752,261	731,729	695,697
Obligations under finance lease and hire purchase contracts	110,024	67,334	100,072	56,875
	<u>1,868,305</u>	<u>1,451,609</u>	<u>1,659,220</u>	<u>1,305,904</u>

OPTICHROME COMPUTER SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 30 April 1996 (*Continued*)

16 Creditors: amounts falling due after more than one year

	1996		1995	
	Group £	Company £	Group £	Company £
Other creditors	39,000	39,000	-	-
Deferred income	-	-	68,047	68,047
Obligations under finance lease and hire purchase contracts	36,511	36,511	129,987	83,555
	<u>75,511</u>	<u>75,511</u>	<u>198,034</u>	<u>151,602</u>
Obligations under finance lease and hire purchase contracts are due as follows:				
Within 1 - 2 years	36,511	36,511	99,534	56,840
Within 2 - 5 years	-	-	30,453	26,715
	<u>36,511</u>	<u>36,511</u>	<u>129,987</u>	<u>83,555</u>

17 Deferred taxation

	1996		1995	
	Group £	Company £	Group £	Company £
The potential liability for deferred taxation and the amount provided in the accounts, calculated at 33 % (1995 - 33 %) is as follows:				
Accelerated capital allowances	112,148	61,779	135,517	75,334
Other timing differences	(24,057)	(24,057)	(16,962)	(16,962)
	<u>88,091</u>	<u>37,722</u>	<u>118,555</u>	<u>58,372</u>

OPTICHROME COMPUTER SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 30 April 1996 (*Continued*)

18 Share capital

	1996 £	1995 £
Group and company		
<i>Authorised, allotted, called up and fully paid</i>		
£1 ordinary shares	500	500

19 Profit and loss account

	1996		1995	
	Group £	Company £	Group £	Company £
At 1 May 1995	1,054,655	957,430	717,005	692,062
Profit for the year	374,488	276,888	337,650	265,368
At 30 April 1996	1,429,143	1,234,318	1,054,655	957,430

No profit and loss account is provided for Optichrome Computer Systems Limited as permitted by Section 230 of the Companies Act 1985.

The profit for the year dealt with in the accounts of the parent company is £336,888 (1995 - £324,868).

20 Operating lease commitments

At 30 April 1996 the group and company had annual commitments in respect of operating leases as follows:

	1996 £	1995 £
Group		
Operating leases which expire:		
Within one year	11,471	29,152
In two to five years	74,952	41,856
	86,423	71,008

OPTICHROME COMPUTER SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 30 April 1996 (*Continued*)

20 Operating lease commitments (*Continued*)

Company

Operating leases which expire:

Within one year	11,471	28,108
In two to five years	49,444	41,856
	<hr/>	<hr/>
	60,915	69,964
	<hr/>	<hr/>

21 Transactions in which directors have an interest

During the year the company made sales amounting to £346,501 (1995 - £258,193) and made purchases amounting to £166,899 (1995 - £178,781) from Optichrome Limited, a company in which E Stephens has substantial equity interests. At 30 April 1996 the company was owed by Optichrome Limited £237,370 (1995 - £1,104).

22 Reconciliation of operating profit to net cash inflow from operating activities

	1996 £	1995 £
Operating profit	686,044	649,095
Depreciation	343,666	340,231
Profit on disposal of fixed assets	(119,392)	(4,119)
Profit on disposal of current asset investments	(1,343)	-
Decrease/(increase) in stocks	14,477	(20,480)
(Increase) in debtors	(477,550)	(228,020)
Increase/(decrease) in creditors	126,707	(7,999)
	<hr/>	<hr/>
	572,609	728,708
	<hr/>	<hr/>

OPTICHROME COMPUTER SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 30 April 1996 (*Continued*)

23 Analysis of changes in financing

	Hire purchase £
At 30 April 1994	325,815
Capital element of hire purchase payments	(95,756)
	<hr/>
At 30 April 1995	230,059
Capital element of hire purchase payments	(83,524)
	<hr/>
At 30 April 1996	146,535
	<hr/> <hr/>

24 Analysis of changes in cash and cash equivalents

	1996 £	1995 £
At beginning of year	534,352	12,518
Net (outflow)/inflow during the year	(56,210)	521,834
	<hr/>	<hr/>
At end of year	478,142	534,352
	<hr/> <hr/>	<hr/> <hr/>

25 Analysis of cash and bank balances

	Cash and short term deposits £	Bank overdraft £	Total £
At 30 April 1994	15,643	(3,125)	12,518
Net cash inflow	519,744	2,090	521,834
	<hr/>	<hr/>	<hr/>
At 30 April 1995	535,387	(1,035)	534,352
Net cash outflow	(57,245)	1,035	(56,210)
	<hr/>	<hr/>	<hr/>
At 30 April 1996	478,142	-	478,142
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

OPTICHROME COMPUTER SYSTEMS LIMITED

Report of the auditors

To the shareholders of Optichrome Computer Systems Limited

We have audited the financial statements on pages 3 to 20 which have been prepared under the accounting policies set out on pages 7 and 8.

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.

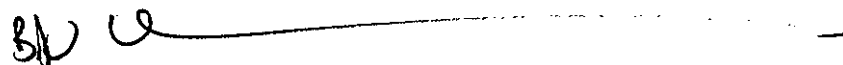
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an 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 group and company's affairs as at 30 April 1996 and of the profit of the group 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

18 October 1996