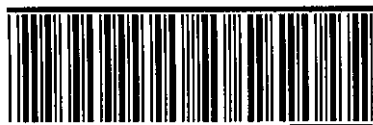


# Option Systems Limited

## Directors' report and financial statements

31 December 1994

Registered number 2446995



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# Option Systems Limited

## Directors' report and financial statements

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# Option Systems Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1994.

### Principal activities

The principal activity of the company continues to be the supply and installation of software and hardware and related consulting services specific to the clothing, footwear and home textile industries.

### Business review

Turnover has increased by 2% during 1994. The directors are pleased that the company's results for the year reflects the continued steady growth of the company since it began trading in 1991.

### Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend.

The profit for the year retained in the company is £739.

### Significant changes in fixed assets

Movements in fixed assets are shown in note 10 to the accounts.

### Research and development

The company continued to develop its products to keep pace with market changes.

# Option Systems Limited

## Directors' report

### Directors and directors' interests

The directors who held office during the year were as follows:

AG Parkinson  
AD Russell  
PN Miller-Smith  
TF Forsey

None of the directors who held office during the year had any interests in the shares or debentures of the company. Their interests in the shares of O.S.L. International plc (Option Systems Limited holding company) are shown in its directors report.

### Political and charitable contributions

The company made no political contributions during the year. Donations to UK charities amounted to £318.

### Auditors

Lyll Youngman, the company's previous auditors resigned during the year and KPMG Peat Marwick were appointed.

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



AG Parkinson  
Director

Ashcroft House  
Ervington Court  
Leicester  
LE3 2WL

25 October 1995

# Option Systems Limited

## Statement of 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 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.
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



1 Waterloo Way  
Leicester  
LE1 6LP

## Auditors' report to the members of Option System Limited

We have audited the financial statements on pages 5 to 19.

### *Respective responsibilities of directors and auditors*

As described on page 3 the company's directors are responsible for the preparation of 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 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG*

*Chartered Accountants  
Registered Auditors*

*27 October 1995*

# Option Systems Limited

Profit and loss account  
for the year ended 31 December 1994

	Note	1994 £	1993 £
Turnover	1	848,955	833,309
Cost of sales		<u>(148,275)</u>	<u>(229,036)</u>
Gross profit		700,680	604,273
Administrative expenses		<u>(691,117)</u>	<u>(597,430)</u>
Operating profit before exceptional item		9,563	6,843
Exceptional item	3	<u>-</u>	<u>(4,695)</u>
Operating profit after exceptional item		9,563	2,148
Other interest receivable and similar income	6	2,232	1,311
Interest payable and similar charges	7	<u>(3,494)</u>	<u>(2,802)</u>
Profit on ordinary activities before taxation	2	8,301	657
Tax on profit on ordinary activities	8	<u>(7,562)</u>	<u>(540)</u>
Profit on ordinary activities after taxation and retained profit for the financial year		739	117
Retained profit at 1 January 1994		<u>34,793</u>	<u>34,676</u>
Retained profit at 31 December 1994		<u>35,532</u>	<u>34,793</u>

The notes on pages 8 to 19 form part of these accounts.

# Option Systems Limited

## Balance sheet at 31 December 1994

	Note	1994		1993	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	9		20,000		25,000
Tangible assets	10		59,660		39,041
			<u>79,660</u>		<u>64,041</u>
<b>Current assets</b>					
Stocks	11	38,488		62,300	
Debtors	12	228,497		169,277	
Cash at bank and in hand		34,568		63,556	
		<u>301,553</u>		<u>295,133</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(292,603)</u>		<u>(267,892)</u>	
<b>Total net current assets</b>			<u>8,950</u>		<u>27,241</u>
<b>Total assets less current liabilities</b>			<u>88,610</u>		<u>91,282</u>
<b>Creditors: amounts falling due after more than one year</b>	14		<u>(23,764)</u>		<u>(27,175)</u>
<b>Net assets</b>			<u>64,846</u>		<u>64,107</u>
<b>Capital and reserves</b>					
Called up share capital	15		17,000		17,000
Share premium account	16		12,314		12,314
Profit and loss account	16		35,532		34,793
			<u>64,846</u>		<u>64,107</u>

These financial statements were approved by the board of directors on 25 October 1995 and were signed on its behalf by:

  
AG Parkinson  
Director

PN Miller-Smith  
Director





# Option Systems Limited

## Cash flow statement

for the year ended 31 December 1994

	Note	1994		1993	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	24		10,798		57,145
<b>Return on investments and servicing of finance</b>					
Interest received		2,232		1,311	
Interest paid		(1,037)		(1,648)	
Interest element of finance lease rental payments		(2,456)		(1,154)	
<b>Net cash outflow from returns on investment and servicing of finance</b>			(1,261)		(1,491)
<b>Taxation</b>					
UK corporation tax paid		(1,264)		(1,749)	
			(1,264)		(1,749)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(26,095)		(15,233)	
Sale of tangible fixed assets		1,096		295	
<b>Net cash outflow from investing activities</b>			(24,999)		(14,938)
<b>Net cash (outflow)/inflow before financing</b>			(16,726)		38,967
<b>Financing</b>					
Repayment of bank loans		(12,000)		(6,000)	
Capital element of finance lease rental payments		(6,262)		(3,084)	
<b>Net cash outflow from financing</b>			(18,262)		(9,084)
<b>(Decrease)/increase in cash and cash equivalents</b>	25		(34,988)		29,883

# Option Systems Limited

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

#### *Fixed assets and depreciation*

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Computers	-	25 % on cost
Office fixtures, fittings and equipment	-	25 % on cost
Motor vehicles	-	25 % on cost
Software	-	25 % on cost

Previously capitalised development costs incurred by the company are amortised over their estimated useful economic life of 5 years.

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### *Leases*

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

# Option Systems Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### *Pensions and other post-retirement benefits*

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 amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. For work in progress this includes an appropriate proportion of attributable overheads.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### *Turnover*

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year from continuing activities.

#### *Development costs*

During the year the directors decided that, in the interests of showing a true and fair view, the policy of not amortising previously capitalised development costs should be changed to amortising such costs over a 5 year period.

Development costs incurred within the year are written off to the profit and loss account unless they are directly attributable to specific orders in which case they are included in work in progress.

# Option Systems Limited

## Notes (continued)

2	<b>Profit on ordinary activities before taxation</b>	<b>1994</b>	<b>1993</b>
		£	£
	<i>Profit on ordinary activities before taxation is stated after charging</i>		
	Auditors' remuneration:		
	Audit	3,000	1,800
	Other services	1,000	-
	Depreciation and other amounts written off tangible and intangible fixed assets:		
	Owned	27,788	12,552
	Hire of other assets - operating leases	23,477	29,043
	<i>after crediting</i>		
	Exchange gains	<u>978</u>	<u>-</u>
3	<b>Exceptional item</b>	<b>1994</b>	<b>1993</b>
		£	£
	Write off of a loan to a related company	<u>-</u>	<u>4,695</u>

# Option Systems Limited

## Notes (continued)

### 4 Remuneration of directors

	1994	1993
	£	£
Directors' emoluments:		
As directors	<u>141,581</u>	<u>139,891</u>

The emoluments, excluding pension contributions, of the highest paid director were £42,425 (1993 : £41,951). The chairman received no emoluments in his capacity as a director.

The emoluments, excluding pension contributions, of the directors (including the highest paid director) were within the following ranges:

	Number of directors	
	1994	1993
£0 - £5,000	1	1
£35,001 - £40,000	2	2
£40,001 - £45,000	1	1

### 5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	1994	1993
Management	6	5
Development and support	8	7
Other	4	3
	<u>18</u>	<u>15</u>

The aggregate payroll costs of these persons were as follows:

	1994	1983
	£	£
Wages and salaries	357,152	343,997
Social security costs	51,683	31,717
Other pension costs	19,511	20,764
	<u>428,346</u>	<u>396,478</u>

# Option Systems Limited

## Notes (continued)

6	<b>Other interest receivable and similar income</b>	1994 £	1993 £
	Exchange gains on foreign currency	978	-
	Other	1,254	1,311
		<u>2,232</u>	<u>1,311</u>
7	<b>Interest payable and similar charges</b>	1994 £	1993 £
	On bank loans, overdrafts and other loans wholly repayable within five years	1,037	1,648
	Finance charges payable in respect of finance leases and hire purchase contracts	2,457	1,154
		<u>3,494</u>	<u>2,802</u>
8	<b>Taxation</b>	1994 £	1993 £
	UK corporation tax at 25% (1993 : 25%) on the profit for the year on ordinary activities	5,147	540
	Adjustment relating to an earlier year	2,415	-
		<u>7,562</u>	<u>540</u>

# Option Systems Limited

## Notes (continued)

9	<b>Intangible fixed assets</b>				<b>Development costs</b> £
	<i>Cost</i>				
	At beginning and end of year				<u>25,160</u>
	<i>Amortisation</i>				
	At beginning of year				160
	Charged in year				<u>5,000</u>
	At end of year				<u>5,160</u>
	<i>Net book value</i>				
	At 31 December 1994				<u>20,000</u>
	At 31 December 1993				<u>25,000</u>
10	<b>Tangible fixed assets</b>				
		<b>Computer equipment and software</b>	<b>Office fixtures, fittings and equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
		£	£	£	£
	<i>Cost</i>				
	At beginning of year	32,055	2,484	21,761	56,300
	Additions	16,162	4,038	23,970	44,170
	Disposals	<u>(1,400)</u>	-	-	<u>(1,400)</u>
	At end of year	<u>46,817</u>	<u>6,522</u>	<u>45,731</u>	<u>99,070</u>
	<i>Depreciation and diminution in value</i>				
	At beginning of year	11,592	1,137	4,530	17,259
	Charge for year	10,753	1,599	10,436	22,788
	On disposals	<u>(637)</u>	-	-	<u>(637)</u>
	At end of year	<u>21,708</u>	<u>2,736</u>	<u>14,966</u>	<u>39,410</u>
	<i>Net book value</i>				
	At 31 December 1994	<u>25,109</u>	<u>3,786</u>	<u>30,765</u>	<u>59,660</u>
	At 31 December 1993	<u>20,463</u>	<u>1,347</u>	<u>17,231</u>	<u>39,041</u>

Included in the total net book value of motor vehicles is £30,765 (1993 : £17,231) in respect of assets held under hire purchase contracts. Depreciation for the year on these assets was £10,436 (1993 : £4,530).

# Option Systems Limited

## Notes (continued)

### 11 Stocks

	1994 £	1993 £
Work in progress	34,717	-
Finished goods and goods for resale	3,771	62,300
	<u>38,488</u>	<u>62,300</u>

### 12 Debtors

	1994 £	1993 £
Trade debtors	209,910	142,200
Other debtors	3,156	13,342
Prepayments and accrued income	15,431	13,735
	<u>228,497</u>	<u>169,277</u>

None of the amounts above are due after more than one year.

### 13 Creditors: amounts falling due within one year

	1994		1993	
	£	£	£	£
Bank loan		6,000		-
Obligations under finance leases and hire purchase contracts		7,337		4,112
Payments received on account		41,259		55,750
Trade creditors		86,993		108,201
Other creditors including taxation and social security:				
Corporation tax	5,147		-	
Other taxes and social security	70,184		29,496	
		<u>75,331</u>		<u>29,496</u>
Accruals and deferred income		75,683		70,333
		<u>292,603</u>		<u>267,892</u>



# Option Systems Limited

## Notes (continued)

14	<b>Creditors: amounts falling due after more than one year</b>	<b>1994</b>	<b>1993</b>
		£	£
	Bank loan	3,500	15,500
	Obligations under finance leases and hire purchase contracts	20,264	11,675
		<u>23,764</u>	<u>27,175</u>

The above amounts are all payable by instalments within five years.

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	<b>1994</b>	<b>1993</b>
	£	£
Within one year	10,223	5,651
In the second to fifth years	22,444	13,599
	<u>32,667</u>	<u>19,250</u>
Less future finance charges	(5,066)	(3,463)
	<u>27,601</u>	<u>15,787</u>

15	<b>Called up share capital</b>	<b>1994</b>	<b>1993</b>
		£	£
	<i>Authorised</i>		
	Ordinary shares of 1p each	1,000,000	1,000,000
		<u>1,000,000</u>	<u>1,000,000</u>
	<i>Allotted, called up and fully paid</i>		
	Ordinary shares of 1p each	17,000	17,000
		<u>17,000</u>	<u>17,000</u>

# Option Systems Limited

## Notes (continued)

### 16 Reserves

	Share premium account £	Other reserves £
At beginning of year - as originally reported	12,314	39,646
Prior year adjustments - see note 17	-	(4,853)
	<u>12,314</u>	<u>34,793</u>
Profit for the year	-	739
At end of year	<u>12,314</u>	<u>35,532</u>

### 17 Prior year adjustments - fundamental errors

- a) On 8 September 1993 a capitalisation issue of 15,800 1p ordinary shares was made out of distributable reserves. This was not reflected in the 1993 statutory accounts.
- b) A loan made to a related company, which ceased trading in mid 1993, was considered to be irrecoverable at 31 December 1993 and the directors resolved to provide for the amount in full. Due to an error in drafting the accounts, the provision was not reflected in the 1993 results.

Correction of these fundamental errors gives rise to a reduction in the profits for 1993 of £4,695 and a reduction in the reserves at 31 December 1993 of £4,853 and an increase in share capital of £158.

### 18 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	1994 £	1993 £
Operating leases which expire:		
Within one year	2,587	3,764
In the second to fifth years inclusive	9,402	10,347
	<u>11,989</u>	<u>14,111</u>

None of the above amounts relate to land or buildings.

# Option Systems Limited

## Notes (continued)

### 19 Ultimate parent company

The company is a subsidiary undertaking of OSL International PLC registered in England and Wales.

### 20 Statement of total recognised gains and losses

	1994	1993
	£	as restated £
Profit for the financial year	739	117
Prior year adjustment	(4,695)	-
	<u>          </u>	<u>          </u>
Total gains and losses recognised since last annual report	<u>(3,956)</u>	<u>117</u>

### 21 Reconciliation of movements in shareholders' funds

	1994	1993
	£	£
Profit for the financial year	739	117
Opening shareholders' funds	64,107	63,990
	<u>          </u>	<u>          </u>
Closing shareholders' funds	<u>64,846</u>	<u>64,107</u>

### 22 Directors loan account

	Amount outstanding		Maximum amount outstanding during the year
	1994	1993	£
	£	£	£
Loan to a director	<u>3,156</u>	<u>3,156</u>	<u>3,156</u>

# Option Systems Limited

## Notes (continued)

### 23 Transactions with directors

TF Forsey received fees of £12,000 (1993 : £23,600) in respect of consultancy services to the company.

### 24 Reconciliation of operating profit to net cash inflow/[outflow] from operating activities

	1994 £	1993 £
Operating profit	9,563	2,148
Depreciation charge	27,788	12,552
Profit on sale of tangible fixed assets	(333)	(138)
Decrease in stocks	23,812	11,679
(Increase) in debtors	(60,371)	(88,569)
Increase in creditors	10,339	119,473
	<u>10,798</u>	<u>57,145</u>
Net cash inflow/(outflow) from operating activities	<u>10,798</u>	<u>57,145</u>

### 25 Analysis of changes in cash and cash equivalents

	Cash	Bank loan	Net
Balance at 1 January 1993	33,673	-	33,673
Net cash inflow	29,883	-	29,883
	<u>63,556</u>	<u>-</u>	<u>63,556</u>
Balance at 1 January 1994	63,556	-	63,556
Net cash outflow	(28,988)	(6,000)	(34,988)
	<u>34,568</u>	<u>(6,000)</u>	<u>28,568</u>
Balance at 31 December 1994	<u>34,568</u>	<u>(6,000)</u>	<u>28,568</u>

# Option Systems Limited

## Notes (continued)

### 26 Analysis of changes in financing during the year

	Share capital (including premium) £	Loans and finance lease obligations £
Balance at 1 January 1993	29,314	15,500
Capital element of hire purchase and finance lease rental payments	-	(3,084)
Inception of finance lease contracts	-	18,871
	<hr/>	<hr/>
Balance at 1 January 1994	29,314	31,287
Bank loan repaid	-	(12,000)
Capital element of hire purchase and finance lease rental payments	-	(6,262)
Inception of finance lease contracts	-	18,075
	<hr/>	<hr/>
Balance at 31 December 1994	<u>29,314</u>	<u>31,100</u>