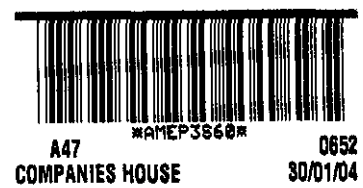


Option Systems Limited

**Director's report and financial
statements**

Registered number 2446995

31 December 2002



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Director's report

The director presents his annual report and the audited financial statements for the year ended 31 December 2002.

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

The company's business is the supply of computer systems and services to the apparel industry worldwide. 2002 revenues are split approximately 56% (2001: 54%) in the domestic market with the balance generated from export sales, both from direct contracts and through resellers.

The company offers a suite of products, with the majority of the revenue being generated from sales and support of the flagship STYLEman Enterprise Resource Planning (ERP) system.

Financial Review

The company had a difficult year and reports a loss of £564,812 in 2002 (2001: £89,684 profit) on a turnover of £2,439,023 (2001: £3,056,724). The poor trading results were primarily due to major internal restructuring, a transition to a completely new product (STYLEman V9), and slow market conditions within the industry. The restructuring and the product transition led to a number of one-off charges for the year. The loss has weakened the Balance Sheet, but it should be underlined that the majority of the company's assets are intangible (software products, customer base and goodwill) and as such their value is not reflected on the Balance Sheet. For example, if the company's R&D activities were capitalised assuming a product lifecycle of 10 years, over £1.7m would be added to the company's assets.

The company continues to trade successfully and has returned to profitability in 2003.

Restructuring

The company bought out the minority shareholders in October 2002 after a prolonged period of uncertainty over the company's direction. After this time, with a complete board and management overhaul, a new reporting structure was put in place and company objectives of growth, profitability and good customer service were back on track.

Strategic Review

In Autumn 2002 the company undertook a strategic review of all its activities: reseller network, products and personnel. A number of changes were made in order to reposition the company for growth and profitability and to bring its cost base in line with sales for 2003.

Reseller network

In 2003 the company's interest in their Dutch subsidiary was sold to its management during the year, generating a substantial return on the original investment, and the company purchased back two-thirds of the 15% stake held in it by their South African reseller, with the balance of this stake being purchased in 2003.

The company has also taken substantial stakes in the US (50%) and Australian (33½%) resellers, which are viewed as long term investments, and signals closer ties between the wider STYLEman community. The company is now represented by a combination of resellers and joint ventures in six regions outside the UK.

Product Portfolio

With a new ERP system (STYLEman V9), new design system (STYLEit TexPro), commitment to developing a PDM system (STYLEpdm), and updated planning and EIS systems, the company now offers one of the most up-to-date product ranges available for the industry.

R&D spending continues at a high level, 18.3% of 2002 revenues (2001: 14.4%), and is written off in the period in which it occurs. It is expected that in the long term, R&D will settle at around 10-12% of revenues in order that the products retain their competitive edge.

Personnel

A number of staff have been moved and trained internally in order to maximise the skills available to the company, and the internal structure changed to accommodate a larger quality control department. As a service business, OSL benefits from high staff retention, with over half the staff having more than five years service.

Director's report *(continued)*

Market Conditions

Market conditions for ERP vendors were generally sluggish throughout 2002, not just in the apparel industry niche. However, the company is well placed to capitalise on new business with what is probably the most modern and comprehensive suite of software available, backed by highly skilled implementation staff.

Outlook

2003 will see the company return to profit, and the initial impression is that IT in the apparel industry (certainly in the UK) is on the upturn. Globally, manufacturing continues to chase lower cost labour, creating some nervousness among mid-market manufacturing countries. The company believes that these will need to raise their game if they wish to continue to supply Western markets, and this should create a number of opportunities in Asia and Central America.

The company continues to make substantial investments in its products, increasing their scope and depth of functionality. It will also seek to reinforce its position in the existing reseller markets, and broaden the geographic markets it addresses.

Proposed dividend and transfer from reserves

The director does not recommend the payment of a dividend for the year.

The loss for the year after taxation is £535,408 and has been deducted from reserves.

Research and development

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

Directors and directors' interests

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

AG Parkinson
AD Russell (resigned 4 October 2002)
PN Miller-Smith (resigned 4 October 2002)

None of the directors who held office during the year had any interests in the shares or debentures of the company. The interests of Mr AG Parkinson in the shares of O.S.L. Holdings Limited (Option Systems Limited's holding company) are shown in its directors report.

At 31 December 2002 AG Parkinson was the sole director of the company.

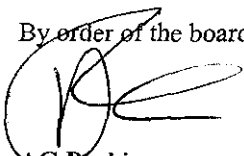
Political and charitable contributions

The company made no political contributions during the year. Donations to UK charities amounted to £1,100.

Auditors

A resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



AG Parkinson
Director

OSL House
East Link
Meridian Business Park
Leicester
LE19 1XU

Statement of director's responsibilities

Company law requires the director 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 director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

1 Waterloo Way
Leicester
LE1 6LP
United Kingdom

Independent auditors' report to the members of Option Systems Limited

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

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the director and auditors

The director is responsible for preparing the director's report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the director's report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit 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 director 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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

Chartered Accountants
Registered Auditors

30 January 2004

Profit and loss account
for the year ended 31 December 2002

	<i>Note</i>	2002 £	2001 £
Turnover	<i>1</i>	2,439,023	3,056,724
Cost of sales		(467,970)	(677,187)
Gross profit		1,971,053	2,379,537
Administrative expenses – ongoing		(2,220,904)	(2,296,227)
– exceptional	<i>3</i>	(388,007)	-
Operating (loss)/profit		(637,858)	83,310
Profit on disposal of fixed asset investment	<i>6</i>	73,274	-
Other interest receivable and similar income	<i>7</i>	3,963	8,328
Interest payable and similar charges	<i>8</i>	(4,191)	(1,954)
(Loss)/profit on ordinary activities before taxation	<i>2</i>	(564,812)	89,684
Tax on (loss)/profit on ordinary activities	<i>9</i>	29,404	(29,772)
(Loss)/profit for the financial year	<i>21</i>	(535,408)	59,912

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

There were no recognised gains and losses other than the loss for the year.

The company has made no material acquisitions and no operations have been discontinued during the current or preceding accounting periods.

Balance sheet
 at 31 December 2002

	Note	2002		2001	
		£	£	£	£
Fixed assets					
Tangible assets	10		73,342		102,812
Participating interests	11		-		6,674
			<hr/>		<hr/>
Current assets			73,342		109,486
Stocks	12	12,413		16,081	
Debtors	13	762,118		772,584	
Cash at bank and in hand		157,126		375,795	
		<hr/>		<hr/>	
		931,657		1,164,460	
Creditors: amounts falling due within one year	14	(1,289,052)		(1,020,921)	
		<hr/>		<hr/>	
Net current (liabilities)/assets			(357,395)		143,539
			<hr/>		<hr/>
Total assets less current liabilities			(284,053)		253,025
Provisions for liabilities and charges	16		-		(1,670)
			<hr/>		<hr/>
Net (liabilities) /assets			(284,053)		251,355
			<hr/> <hr/>		<hr/> <hr/>
Capital and reserves					
Called up share capital	17		17,000		17,000
Share premium account	18		12,314		12,314
Profit and loss account	18		(313,367)		222,041
			<hr/>		<hr/>
			(284,053)		251,355
			<hr/> <hr/>		<hr/> <hr/>

These financial statements were approved and signed by the director on 30 JANUARY 2004



AG Parkinson
 Director

Cash flow statement
for the year ended 31 December 2002

	<i>Note</i>	2002 £	2001 £
Cash (outflow)/inflow from operating activities	22	(241,858)	309,827
Returns on investments and servicing of finance	23	(228)	6,224
Taxation		(21,803)	(13,612)
Capital expenditure	23	(18,450)	(14,865)
Acquisitions and disposals	23	79,948	-
		<hr/>	<hr/>
Cash (outflow)/inflow before financing		(202,391)	287,574
Financing	23	(16,278)	(29,183)
		<hr/>	<hr/>
(Decrease)/increase in cash in the year		(218,669)	258,391
		<hr/> <hr/>	<hr/> <hr/>
Reconciliation of net cash flow to movement in net funds/(debt)			
(Decrease)/increase in cash in the year	23	(218,669)	258,391
Cash to repay loans	23	-	7,590
Capital element of finance lease repaid	23	16,278	21,593
		<hr/>	<hr/>
Change in net funds resulting from cash flows		(202,391)	287,574
		<hr/>	<hr/>
Movement in net funds in the year	23	(202,391)	287,574
Net funds at the start of the year	24	359,517	71,943
		<hr/>	<hr/>
Net funds at the end of the year	24	157,126	359,517
		<hr/> <hr/>	<hr/> <hr/>

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.

Joint ventures and associated undertakings

Where the company has invested in an undertaking in which the company has a long term interest and over which it exercises joint control, the company records dividends received from the undertaking. The balance sheet reflects the cost of the company's investment in the undertaking less any amounts written off.

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

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.

Pensions

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.

Notes *(continued)*

1 Accounting policies (continued)

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at cost incurred, less those costs transferred to the profit and loss account when agreed stages are completed, after deducting foreseeable losses and payments on account.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Taxation

The charge for taxation is based on the loss 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 computer software and related services to customers during the year from continuing activities.

Research and development costs

Research and 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.

2 (Loss)/profit on ordinary activities before taxation

	2002	2001
	£	£
<i>(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Auditors' remuneration:		
Audit	10,500	4,750
Other services	13,915	1,200
Depreciation of tangible fixed assets	51,704	62,496
Research and development expenditure:		
Incurred during the year	446,780	441,008
Hire of other assets - operating leases	18,190	52,256
Loss/(profit) on foreign exchange	4,774	(2,319)
Profit on sale of fixed assets	(3,784)	(1,638)

Notes (continued)

3 Exceptional administrative expenses

	2002	2001
	£	£
Reorganisation costs	36,136	-
Termination settlements	269,294	-
Consulting costs	82,577	-
	388,007	-
	388,007	-

The above costs are explained below:

- (i) Professional fees were incurred in the reorganisation of the business which was completed in October 2002.
- (ii) Costs of £269,294 were incurred in the termination of the former directors contracts in association with the reorganisation of the business.
- (iii) The consulting costs relate to the establishment of product familiarisation and exploring sales opportunities in the United States of America.

4 Remuneration of directors

	2002	2001
	£	£
Directors' emoluments	245,488	291,265
Company contributions to money purchase pension schemes	1,500	18,000
	246,988	309,265
Termination for loss of office	269,294	-
	516,282	309,265
	516,282	309,265

The aggregate of emoluments of the highest paid director was £98,000 and company pension contributions of £500 were made to a money purchase scheme on his behalf. Contributions to this scheme ceased in January 2002.

	Number of directors	
	2002	2001
Number of directors who are members of money purchase pension schemes	-	3
	-	3

Notes (continued)

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	
	2002	2001
Management	10	10
Development and support	23	21
Other	7	9
	<u>40</u>	<u>40</u>

The aggregate payroll costs of these persons were as follows:

	2002	2001
	£	£
Wages and salaries	1,401,061	1,434,803
Social security costs	152,651	149,375
Other pension costs	27,496	22,002
	<u>1,581,208</u>	<u>1,606,180</u>

6 Profit on disposal of fixed asset investment and joint ventures

As stated in note 11, the company sold its 50% ownership of the ordinary share capital of OSL Europe BV. This transaction realised a profit of £73,274.

7 Other interest receivable and similar income

	2002	2001
	£	£
Bank interest receivable	3,963	8,328
	<u>3,963</u>	<u>8,328</u>

8 Interest payable and similar charges

	2002	2001
	£	£
On bank loans and overdrafts	4,000	236
Finance charges payable in respect of finance leases and hire purchase contracts	191	1,718
	<u>4,191</u>	<u>1,954</u>

Notes *(continued)*

9 Taxation

	2002	2001
	£	£
UK corporation tax on the (loss)/profit for the year on ordinary activities	(21,486)	30,690
Adjustment relating to an earlier year	(6,248)	(88)
	<hr/>	<hr/>
Current tax	(27,734)	30,602
Deferred taxation	(1,670)	(830)
	<hr/>	<hr/>
	(29,404)	29,772
	<hr/> <hr/>	<hr/> <hr/>
	2002	2001
	£	£
(Loss)/profit on ordinary activities before tax	(564,812)	89,684
	<hr/>	<hr/>
Tax on (loss)/profit on ordinary activities at standard rate of tax 20%	(112,962)	17,937
<i>Effect of</i>		
Expenses not deductible for tax purposes	8,370	11,923
Non taxable gain on disposal of investment	(14,655)	-
Capital allowances in excess of depreciation	(2,180)	830
Current period losses carried forward	95,606	-
Provisions	4,335	-
Adjustment to tax charge in respect of prior years	(6,248)	-
	<hr/>	<hr/>
Current tax charge for the period	(27,734)	30,690
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

10 Tangible fixed assets

	Computer equipment and software £	Office fixtures, fittings and equipment £	Motor vehicles £	Total £
<i>Cost</i>				
At beginning of year	146,596	61,096	33,665	241,357
Additions	28,014	1,936	-	29,950
Disposals	(24,717)	(650)	(33,665)	(59,032)
At end of year	149,893	62,382	-	212,275
<i>Depreciation and diminution in value</i>				
At beginning of year	79,793	37,013	21,739	138,545
Charge for year	35,518	11,976	4,210	51,704
Eliminated on disposals	(24,717)	(650)	(25,949)	(51,316)
At end of year	90,594	48,339	-	138,933
<i>Net book value</i>				
At 31 December 2002	59,299	14,043	-	73,342
At 31 December 2001	66,803	24,083	11,926	102,812

Included in the total net book value of motor vehicles is £nil (2001 : £11,926) in respect of assets held under finance leases and hire purchase contracts. Depreciation for the year on these assets was £4,210 (2001: £12,848).

11 Participating interests

	Investment in joint venture £
<i>Cost and net book value</i>	
At beginning of year	6,674
Transfer between items	-
Disposals	(6,674)
Additions	-
At end of year	-

Joint venture

In September 2002 Option Systems Limited sold its 50% ownership of the ordinary share capital of OSL Europe BV a company incorporated in Holland. The activity of this company consists primarily of developing and distributing computer software.

Sales by Option Systems Limited to OSL Europe BV were £47,582 in the year to 31 December 2001. At that date OSL Europe BV owed Option Systems Limited £3,307 in respect of these sales.

Notes (continued)

12 Stocks

	2002	2001
	£	£
Work in progress	-	3,960
Finished goods and goods for resale	12,413	12,121
	<u>12,413</u>	<u>16,081</u>

13 Debtors

	2002	2001
	£	£
Trade debtors	617,229	739,639
Prepayments and accrued income	29,173	32,945
Amounts owed by ultimate parent company	96,869	-
Corporation tax recoverable	18,847	-
	<u>762,118</u>	<u>772,584</u>

14 Creditors: amounts falling due within one year

	2002		2001	
	£	£	£	£
Obligations under finance leases and hire purchase contracts		-		16,278
Payments received on account		70,548		16,963
Trade creditors		284,898		262,802
Amounts owed to group company		90,000		90,000
Other creditors including taxation and social security				
Corporation tax	-		30,690	
Other taxes and social security	114,684		101,435	
	<u>114,684</u>		<u>132,125</u>	
Accruals and deferred income		728,922		502,753
		<u>1,289,052</u>		<u>1,020,921</u>

Notes (continued)

15 Analysis of debt

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

	2002 £	2001 £
Within one year	-	16,468
	<hr/>	<hr/>
Less future finance charges	-	16,468 (190)
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>
	-	16,278

16 Provisions for liabilities and charges

The movement in the provision for deferred taxation is as follows:

	2002 £	2001 £
Balance brought forward	1,670	2,500
Credit to the profit and loss account	(1,670)	(830)
	<hr/>	<hr/>
Balance carried forward	-	1,670
	<hr/> <hr/>	<hr/> <hr/>

The provision at the year end is analysed as follows:

	Provided £	2002 Unprovided £	Provided £	2001 Unprovided £
Accelerated capital allowances	-	-	1,670	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Deferred tax has been provided at the rate of 20% (2001: 20%)

Notes (continued)

17 Called up share capital

	2002 £	2001 £
<i>Authorised</i>		
Ordinary shares of 1p each	1,000,000	1,000,000
	<hr style="border-top: 3px double #000;"/>	<hr style="border-top: 3px double #000;"/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of 1p each	17,000	17,000
	<hr style="border-top: 3px double #000;"/>	<hr style="border-top: 3px double #000;"/>

18 Reserves

	Share premium account £	Profit and loss account £
At beginning of year	12,314	222,041
Loss for the year	-	(535,408)
	<hr style="border-top: 1px solid #000;"/>	<hr style="border-top: 1px solid #000;"/>
At end of year	12,314	(313,367)
	<hr style="border-top: 3px double #000;"/>	<hr style="border-top: 3px double #000;"/>

19 Commitments

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

	Buildings		Other	
	2002 £	2001 £	2002 £	2001 £
Operating leases which expire:				
Within one year	-	-	-	14,441
In the second to fifth years inclusive	-	97,615	7,010	-
After five years	97,615	-	-	-
	<hr style="border-top: 1px solid #000;"/>	<hr style="border-top: 1px solid #000;"/>	<hr style="border-top: 1px solid #000;"/>	<hr style="border-top: 1px solid #000;"/>
	97,615	97,615	7,010	14,441
	<hr style="border-top: 3px double #000;"/>	<hr style="border-top: 3px double #000;"/>	<hr style="border-top: 3px double #000;"/>	<hr style="border-top: 3px double #000;"/>

Notes (continued)

20 Parent undertaking's company

The company is a subsidiary undertaking of OSL International Limited registered in England and Wales. From 4 October 2002, the ultimate parent company is OSL Holdings Limited, a company also registered in England and Wales. The registered office of both companies is : OSL House, East Link, Meridian Business Park, Leicester, LE19 1XU.

21 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
(Loss)/profit for the financial year	(535,408)	59,912
Opening shareholders' funds	251,355	191,443
	<hr/>	<hr/>
Closing shareholders' funds	(284,053)	251,355
	<hr/> <hr/>	<hr/> <hr/>

22 Reconciliation of operating (loss)/profit to net cash (outflow)/inflow from operating activities

	2002 £	2001 £
Operating (loss)/profit	(637,858)	83,310
Depreciation charge	51,704	62,496
Profit on sale of tangible fixed assets	(3,784)	(1,638)
Decrease in stocks	3,668	2,161
(Increase)/decrease in debtors	29,313	106,986
Increase in creditors	315,099	56,512
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(241,858)	309,827
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

23 Analysis of cash flows shown net in cash flow statement

	2002	2001
	£	£
Returns on investments and servicing of finance		
Interest received	3,963	8,328
Interest paid	(4,000)	(386)
Interest element of finance leases	(191)	(1,718)
	<u>(228)</u>	<u>6,224</u>
Capital expenditure		
Purchase of tangible fixed assets	(29,950)	(26,570)
Sale of tangible fixed assets	11,500	11,705
	<u>(18,450)</u>	<u>(14,865)</u>
Acquisitions and disposals		
Disposal of investment in joint venture	79,948	-
	<u>79,948</u>	<u>-</u>
Financing		
Repayments of loans	-	(7,590)
Capital element of finance leases	(16,278)	(21,593)
	<u>(16,278)</u>	<u>(29,183)</u>

24 Analysis of net funds

	At 31 December 2001	Cash flow	At 31 December 2002
	£	£	£
Cash in hand and at bank	375,795	(218,669)	157,126
Debt due within one year	-		
Finance leases	(16,278)	16,278	-
	<u>359,517</u>	<u>(202,391)</u>	<u>157,126</u>

Notes *(continued)*

25 Related party transactions

In accordance with FRS 8, the following disclosures relate to related party transactions during the period.

The joint landlord of the leasehold premises from which Option Systems Limited operates, is Cabot Trustees Limited and Richard Ashcroft. Richard Ashcroft resigned as a director of OSL International Limited on 4 October 2002. Cabot Trustees Limited is the trustee company acting for the pension fund of the directors of Option Systems Limited.

During the year to 31 December 2002 Option Systems Limited paid rent of £97,615 to their landlord.

Within debtors is an amount of £Nil owed by Micromentor Computer Consultants, a company in which Richard Ashcroft has a controlling interest. Sales to this company totalled £15,360 during the year and purchases from them totalled £Nil.

Participating interests

Details regarding transactions and balances due to/from the participating interests are provided in note 11.