

Registrar

Company Number: 1322002



OISE Limited

Reports and financial statements
31st December 1997





OISE Limited

Reports and financial statements
31st December 1997

Company registration number	1322002
Registered office	OISE House Binsey Lane OXFORD OX2 0EY
Directors	T Gins F Gins CM Clark
Secretary	JW Mills
Auditors	Grant Thornton 1 Westminster Way OXFORD OX2 0PZ
Solicitors	Manches & Co 3 Worcester Street OXFORD OX1 2PZ
Bankers	Lloyds Bank plc Wallbrook Court OXFORD OX2 0QS The Royal Bank of Scotland plc 32 Court Street Haddington EDINBURGH EH41 3NS Dresdner Bank AG Galusanlage 2 60613 FRANKFURT AM MAIN Germany



OISE Limited
Reports and financial statements
31st December 1997
INDEX

	Pages
Report of the directors	1
Statement of directors' responsibilities	2
Report of the auditors	3
Consolidated profit and loss account	4
Consolidated balance sheet	5
Company balance sheet	6
Consolidated cash flow statement	7
Principal accounting policies	8 - 9
Notes to the financial statements	10 - 17



OISE Limited

Report of the directors

The directors present their report and the financial statements for the year ended 31 December 1997.

Business review

The principal activity of the company is the management of the OISE group and its subsidiaries. The principal activities of the group continue to be the teaching of the English language to overseas students.

The business has continued to expand and the directors expect this trend to continue for the foreseeable future.

The group acquired Basil Paterson Limited, a language school and secretarial college in Edinburgh, on 30th September 1997. The business of Diamond College, a secretarial and computer training company operating in central London, was acquired on 14th November 1997.

There was a profit for the period after taxation amounting to £269,131 (1996: £122,316). The directors do not recommend payment of a final dividend. Interim dividends of £50,000 were paid in the year (1996 £80,000), leaving £219,132 (1996: £42,316) retained.

Directors

The present membership of the Board is set out below. The interests of the directors and their families in the shares of the company as at 31 December 1997 and 1 January 1997 are as follows:

Director	Ordinary shares of £1 each
T Gins	90
F Gins	2
CM Clark (appointed 27 th November 1997)	-

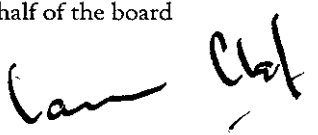
T Gins and F Gins also hold one ordinary share of £ 1 each as nominees for OISE Limited in each of the company's subsidiary companies set out in note 15 to the financial statements.

In accordance with the Articles of Association T Gins retires by rotation and, being eligible, offers himself for re-election. CM Clark, having been appointed since the previous annual general meeting, retires and, being eligible, offers himself for re-election.

Auditors

On 29th April, Neville Russell offered their resignation as auditors and this was accepted by the Directors. On 14th May 1998, Grant Thornton were appointed auditors. Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

On behalf of the board


CM Clark
Director

19 October 1998



OISE Limited

Statement of directors' responsibilities

Company Law requires the directors of the company 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,
- comply with applicable accounting standards, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on a 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.



OISE Limited
*Report of the auditors
to the shareholders of OISE Limited*

We have audited the financial statements on pages 4 to 17, which have been prepared under the accounting policies, set out on pages 8 to 9.

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 group's affairs as at 31 December 1997 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton
Registered auditors
Chartered accountants
Oxford

29 October 1998



OISE Limited
Consolidated profit and loss account
For the year ended 31st December 1997

	Note	Continuing operations 1997 £	Acquisitions 1997 £	1997 £	1996 £
Turnover	1	7,283,401	281,849	7,565,250	7,073,781
Cost of sales		(4,603,081)	(132,857)	(4,735,938)	(4,596,178)
Gross profit		2,680,320	148,992	2,829,312	2,477,603
Administrative expenses		(2,116,358)	(185,600)	(2,301,958)	(2,085,993)
Other operating income	3	18,868	-	18,868	29,802
Operating profit		582,830	(36,608)	546,222	421,412
Exceptional item		-	-	-	(112,096)
Profit on ordinary activities before interest		582,830	(36,608)	546,222	309,316
Interest receivable	4			29,947	13,153
Interest payable	5			(74,744)	(25,498)
Profit on ordinary activities before taxation	1			501,425	296,971
Tax on profit on ordinary activities	7			(232,294)	(174,655)
Profit on ordinary activities after taxation				269,131	122,316
Dividends	9			(50,000)	(80,000)
Profit transferred to reserves	18			219,131	42,316

The group has no recognised gains or losses other than the profit for the year.

The accompanying accounting policies and notes form an integral part of these financial statements



OISE Limited
Consolidated balance sheet
At 31st December 1997

	Note	1997 £	1996 £
Fixed assets			
Tangible assets	10	<u>2,185,548</u>	<u>2,134,546</u>
Current assets			
Debtors and prepayments	12	808,304	594,647
Cash at bank and in hand		<u>546,996</u>	<u>629,802</u>
		1,355,300	1,224,449
Creditors: amounts falling due within one year	13	<u>(2,137,307)</u>	<u>(1,596,039)</u>
Net current liabilities		(782,007)	(371,590)
 Total assets less current liabilities		 1,403,541	 1,762,956
 Creditors: amounts falling due after one year	14	 <u>(386,899)</u>	 <u>(643,201)</u>
Net assets		<u>1,016,642</u>	<u>1,119,755</u>
 Capital and reserves			
Called up share capital	16	100	100
Profit and loss account	18	<u>1,016,542</u>	<u>1,119,655</u>
Shareholders' funds		<u>1,016,642</u>	<u>1,119,755</u>

The board approved these financial statements on **29 October 1998**


T Gins
Director

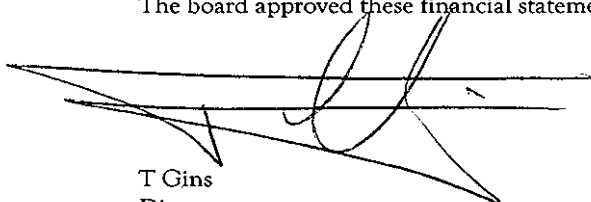
The accompanying accounting policies and notes form an integral part of these financial statements.



OISE Limited
Company balance sheet
At 31st December 1997

	Note	1997 £	1996 £
Fixed assets			
Tangible assets	10	1,688,444	1,663,126
Investments	11	<u>1,225,703</u>	<u>1,225,702</u>
		<u>2,914,147</u>	<u>2,888,828</u>
Current assets			
Debtors and prepayments	12	5,974	1,000,479
Cash at bank and in hand		<u>203,955</u>	<u>392</u>
		209,929	1,000,871
Creditors: amounts falling due within one year	13	<u>(763,841)</u>	<u>(1,616,036)</u>
Net current liabilities		(553,912)	(615,165)
 Total assets less current liabilities		 2,360,235	 2,273,663
 Creditors: amounts falling due after one year	14	 <u>(385,070)</u>	 <u>(643,201)</u>
Net assets		<u>1,975,165</u>	<u>1,630,462</u>
 Capital and reserves			
Called up share capital	16	100	100
Profit and loss account	18	<u>1,975,065</u>	<u>1,630,362</u>
Shareholders' funds		<u>1,975,165</u>	<u>1,630,462</u>

The board approved these financial statements on **29 October 1998**


T Gins
Director

The accompanying accounting policies and notes form an integral part of these financial statement



OISE Limited
Consolidated cash flow statement
For the year ended 31st December 1997

	Note	1997	1996
		£	£
Net cash flow from operating activities	19	342,126	384,264
Returns on investments and servicing of finance			
Interest received		29,947	13,153
Interest paid		(71,544)	(22,092)
Hire purchase interest paid		(3,200)	(3,406)
Net cash outflow from returns on investment and servicing of finance		44,797	(12,345)
Taxation		(232,294)	(174,277)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(128,816)	(22,837)
Net cash outflow for capital expenditure and financial investment		(128,816)	(22,837)
Acquisitions and disposals			
Purchase of subsidiary undertaking		(204,246)	(674,757)
		(204,246)	(674,757)
Equity dividends paid		(50,000)	(80,000)
Net cash (outflow) before financing		(318,027)	(579,952)
Financing			
Loan for acquisition of subsidiary		-	700,000
Capital element of finance lease rental payments		(9,610)	(11,186)
Repayment of bank loans		(246,692)	(18,063)
Net cash (outflow)/inflow from financing		(256,302)	670,751
(Decrease)/increase in cash	20	(574,329)	90,799



OISE Limited

Principal accounting policies

Basis of preparation

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

The principal accounting policies of the group are set out below.

Basis of consolidation

The group financial information consolidates the financial statements of the company and its subsidiary undertakings. The results of subsidiary undertakings acquired during a financial period have been included from the date of acquisition. Profits or losses on intra-group transactions are eliminated in full. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities, which exist at the date of acquisition, are reflected at their fair values reflecting their condition at that date.

Goodwill

Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair value of the net identifiable assets acquired is written off to reserves immediately on acquisition.

Turnover

The turnover represents fees for language tuition and leisure programmes, and for introducing students to private tutors.

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land and buildings by equal annual installments over their expected useful lives.

No depreciation is provided on freehold land and buildings because it is the company's policy to maintain its freehold properties in a continual state of sound repair. The useful economic life of the asset is thus so long and residual values so high that any depreciation would not be material. Residual values are based on prices prevailing at the date of acquisition or subsequent valuation. Provision is made in the profit and loss account for any permanent diminution in value.

The rates applicable are:

Leasehold property improvements	10%
Fixtures and fittings	10%
Computer equipment	25%
Motor vehicles	25%

Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.



OISE Limited

Principal accounting policies (continued)

Deferred taxation

Deferred tax is provided using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallize. Unprovided deferred tax is disclosed as a contingent liability.

Debit balances arising in respect of advance corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

Foreign currencies

Assets, liabilities, revenues and costs expressed in foreign currencies are translated into sterling at rates of exchange ruling on the balance sheet date.

Differences arising on the translation of such items are dealt with in the profit and loss account.

Contributions to pension funds

The pension costs in respect of the defined contribution scheme are charged against profits and represent the amount of the contributions payable to the scheme in respect of the accounting period.

Leased assets

Assets held under finance leases and hire purchase contracts are capitalized in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.



OISE Limited

Notes to the financial statements
For the year ended 31st December 1997

1. Turnover and profit on ordinary activities before taxation

The turnover and profit before taxation is attributable to the principal activity of the Group, the teaching of English Language to overseas students. The whole of the turnover arose from courses held within the UK and the Republic of Ireland.

The profit on ordinary activities before taxation is stated after charging:

	1997 £	1996 £
Depreciation of tangible fixed assets		
Owned	124,687	87,427
Held under finance leases	1,000	2,100
Auditors' remuneration		
Audit	15,000	14,000
Non-audit	4,000	3,000
Other operating lease rentals	52,600	51,650

2. Acquisitions

On 30th September 1997, the entire issued share capital of Basil Paterson Limited was acquired for an initial consideration of £1. Additional payments to the vendors are due in respect of 50% of any corporation tax utilised within the OISE group. A deferred consideration of 125% of pre-tax profits of Basil Paterson Limited may be payable to the vendors, with an upper limit of £310,500.

No adjustments were made to the book values of the major categories of assets and liabilities acquired in arriving at fair values, which are summarised below.

	Book value £
Fixed assets	
Tangible assets	46,467
Current assets	
Debtors	187,181
Other debtors	43,080
Total assets	230,261
Liabilities	
Trade creditors	(39,419)
Fees in advance	(194,327)
Other creditors	(96,228)
Bank overdraft	(155,995)
	(485,969)
Net assets	(209,241)

The assets of Diamond College, a sole trade were acquired by OISE (Cambridge) Limited on 13th November 1997. The purchase price amounted to £15,000, and comprised £2,000 for equipment and £13,000 for goodwill. The company now trades as Diamond College Limited. The goodwill has been written off in the books of Diamond College Limited.



OISE Limited

Notes to the financial statements (continued)
For the year ended 31st December 1997

3. Other operating income

	1997	1996
	£	£
Exchange gains	-	2,397
Rent receivable	18,868	27,405
	<u>18,868</u>	<u>29,802</u>

4. Interest receivable and similar income

	1997	1996
	£	£
Interest receivable	<u>29,947</u>	<u>13,153</u>

5. Interest payable and similar charges

	1997	1996
	£	£
Bank loans and overdrafts, and other loans wholly repayable within 5 years by instalments	4,888	-
Other loans	68,064	22,092
Hire purchase interest	1,792	3,406
	<u>74,744</u>	<u>25,498</u>

6. Directors and employees

Staff costs during the year were as follows:

	1997	1996
	£	£
Wages and salaries	2,704,031	1,594,354
Social security costs	195,148	125,620
Other pension costs	84,124	59,007
	<u>2,983,303</u>	<u>1,778,981</u>

Average number of persons employed by the group during the year can be analysed as follows:

	1997	1996
	No.	No.
Administrative	75	67
Teaching	76	65
	<u>151</u>	<u>132</u>

Remuneration in respect of directors was as follows:

	1997	1996
	£	£
Emoluments	75,257	65,293
Contributions to money purchase pension schemes	12,290	69,000
	<u>87,547</u>	<u>134,293</u>

During the year 2 directors participated in money purchase pension schemes.



OISE Limited

Notes to the financial statements (continued)
For the year ended 31st December 1997

7. Tax on profit on ordinary activities

The tax charge is based on the profit for the year and represents:

	1997 £	1996 £
UK corporation tax at 31% (1996: 33%)	199,500	150,251
Under provision in prior years	32,794	24,404
	<u>232,294</u>	<u>174,655</u>

8. Profit for the financial year

The company has taken advantage of the exemption allowed under section 230(1) of the Companies Act 1985 and has not presented its own profit and loss account in these financial statements. The group profits for the year includes a profit of £394,702 (1996: £66,847) which is dealt with in the financial statements of the parent company.

9. Dividends

	1997 £	1996 £
Interim dividend of £500 per share (1996 - £800)	<u>50,000</u>	<u>80,000</u>

10. Tangible fixed assets

Group	Freehold properties £	Leasehold improve- ments £	Fixtures and equipment £	Motor Vehicles £	Total £
Cost and valuation					
At 1 January 1997					
- continued	1,938,043	41,664	837,915	62,974	2,880,596
- acquired subsidiary			60,252		60,252
Additions		8,292	96,345	24,179	128,816
Disposals	-	-	-	-	-
At 31 December 1997	<u>1,938,043</u>	<u>49,956</u>	<u>994,512</u>	<u>87,153</u>	<u>3,069,664</u>
Depreciation					
At 1 January 1997					
- continued	-	41,663	674,071	30,316	746,050
- acquired subsidiary	-	-	23,250	-	23,250
Provided in the year	-	-	97,430	17,386	114,816
Eliminated on disposals	-	-	-	-	-
At 31 December 1997		<u>41,663</u>	<u>794,751</u>	<u>47,702</u>	<u>884,116</u>
Net book value					
At 31 December 1997	<u>1,938,043</u>	<u>8,293</u>	<u>199,761</u>	<u>39,451</u>	<u>2,185,548</u>
At 31 December 1996	<u>1,938,043</u>	<u>1</u>	<u>163,844</u>	<u>32,658</u>	<u>2,134,546</u>

The net book value of fixtures and equipment of £199,761 (1996: £163,844) includes an amount of £nil (1996: £10,827) in respect of assets held under hire purchase contracts. The net book value of motor vehicles of £39,451 (1996: £32,658) includes an amount of £19,637 (1996: £25,402) in respect of assets held under hire purchase contracts.

The directors estimate that the freehold property has a market value of £3,000,000. No provision has been made for the capital gains taxation charge of £270,000 which would be payable if the assets were sold at their market value at the balance sheet date.



OISE Limited

Notes to the financial statements (continued)
For the year ended 31st December 1997

Tangible fixed assets (continued)

Company	Freehold Properties	Leasehold improve- ments	Fixtures, and equipment £	Motor vehicles £	Total £
	£	£			
Cost					
At 1 January 1997	1,483,043	41,664	743,883	62,974	2,331,564
Additions	-	8,291	92,597	24,179	125,067
Disposals	-	-	-	-	-
At 31 December 1997	1,483,043	49,955	836,480	87,153	2,456,631
Depreciation					
At 1 January 1997	-	41,663	596,459	30,316	668,438
Provided in the year	-	-	82,363	17,386	99,749
Eliminated on disposals	-	-	-	-	-
At 31 December 1997	-	41,663	678,822	47,702	768,187
Net book value					
At 31 December 1997	1,483,043	8,292	157,658	39,451	1,688,444
At 31 December 1996	1,483,043	1	147,424	32,658	1,663,126

The net book value of fixtures and equipment of £157,658 (1996: £147,424) includes an amount of £nil (1996: £10,897) in respect of assets held under hire purchase contracts.

The net book value of motor vehicles of £39,451 (1996: £32,658) includes an amount of £19,637 (1996: £25,402) in respect of assets held under hire purchase contracts.

The directors estimate that the market value of the freehold properties is £2,500,000 at 31 December 1997. No provision has been made for a deferred taxation charge of £300,000 which would be payable if the assets were sold at their market value at the balance sheet date.

11. Fixed asset investments

Shares in group undertakings	1997	1996
Company	£	£
Cost and net book value at 1 st January 1997	1,225,702	702
Additions	1	1,225,000
Cost and net book value at 31 st December 1997	1,255,703	1,225,702



OISE Limited

Notes to the financial statements (continued)
For the year ended 31st December 1997

The following companies are the 100% owned principal subsidiaries of OISE Limited. All are registered in England and Wales, except OISE (Ireland) Limited which is registered in the Republic of Ireland, and Basil Paterson Limited which is registered in Scotland.

	Capital and reserves	Profit or (loss) for the financial period
	£	£
OISE Education Limited	71,042	56,533
OISE World Wide Limited	95,020	(8,488)
OISE Travel & Leisure Limited	95,128	(127,744)
OISE (Ireland) Limited	48,131	24,047
Harven School of English Limited	21,788	(28,309)
Basil Paterson Limited	(240,824)	(223,650)
Diamond College Limited - formerly OISE (Cambridge) Limited	(17,926)	(5,026)
OISE (Bristol) Limited	100	-
First Educational Limited	100	-

The above companies are involved in the arrangement of language and leisure courses for overseas students, with the exception of OISE (Bristol) Limited and First Education Limited, which were dormant during 1996 and 1997.

12. Debtors

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Trade debtors	789,832	496,038	5,974	-
Corporation tax owing	-	11,317	-	-
Amounts owed by group companies	-	-	-	1,000,000
Other debtors	-	30,561	-	75
Prepayments	18,472	56,731	-	404
	<u>808,304</u>	<u>594,647</u>	<u>5,974</u>	<u>1,000,479</u>



OISE Limited

Notes to the financial statements (continued)
For the year ended 31st December 1997

13. Creditors: amounts falling due within one year

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Bank loan and overdraft	944,220	435,382	256,303	207,859
Obligation under hire purchase agreements	11,341	28,656	11,340	28,656
Trade creditors	129,310	260,553	109,389	-
Amounts owed to group companies	-	-	-	1,060,385
Corporation tax	221,510	197,779	17,462	7,845
Directors' current account	162,788	179,215	162,412	179,215
Other creditors	219,455	75,051	75,000	75,000
Accruals	448,683	394,182	131,934	37,069
Taxation and social security	-	25,221	-	20,007
	<u>2,137,307</u>	<u>1,596,039</u>	<u>763,841</u>	<u>1,616,036</u>

14. Creditors: amounts falling due after one year

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Bank loans	363,844	631,978	362,015	631,978
Obligations under hire purchase agreements	23,055	11,223	23,055	11,223
	<u>386,899</u>	<u>643,201</u>	<u>385,070</u>	<u>643,201</u>

The bank loans and overdrafts are secured by fixed charges on the freehold properties of the parent company and Harven School of English Limited. The bank loan bears interest at a rate that fluctuates in line with the Lloyds Bank base rate. At the year end the rate was 8.0%.

Analysis of debt maturity

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Amounts payable				
In one year or less or on demand	256,303	245,736	256,303	245,736
Between one and two years	273,054	261,223	273,054	261,223
Between two and five years	125,185	370,755	125,185	370,755
In five years or more	-	-	-	-
	<u>654,542</u>	<u>877,714</u>	<u>654,542</u>	<u>877,714</u>

15. Provisions for liabilities and charges

	1997	1997	1996	1996
	Amount	Total	Amount	Total
	Provided	potential	Provided	potential
	£	liability	£	liability
		£		£
Deferred taxation	-	2,000	-	2,000
Amounts payable				

16. Share capital

	1997	1996
	£	£
Authorised, allotted, called up and fully paid		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>



OISE Limited

Notes to the financial statements (continued)
For the year ended 31st December 1997

17. Pension commitments

The group operates defined contribution pension schemes. The assets of the schemes are administered by trustees in funds independent from those of the group. The pension cost charge represents contributions payable by the group to the funds, and amounted to £54,449 (1996: £59,007). Harven School of English Limited continues to run its own defined contribution pension scheme independently of the group. There were no pension contributions payable on behalf of this company's employees for the year ended 31 December 1997. The pension scheme operated by Basil Paterson Limited is presently under review.

18. Reconciliation of movement in shareholders' funds

	Group			Company		
	Share capital	Profit and loss account	Total shareholder's funds	Share capital	Profit and loss account	Total shareholder's funds
	£	£	£	£	£	£
At 1 January 1996	100	1,509,690	1,509,790	100	1,574,115	1,574,215
Prior year adjustment	-	(21,929)	(21,929)	-	-	-
Profit for the year	-	122,316	122,316	-	136,247	136,247
Dividend paid	-	(80,000)	(80,000)	-	(80,000)	(80,000)
Goodwill written off	-	(410,422)	(410,422)	-	-	-
At 31 December 1996	100	1,119,655	1,119,755	100	1,630,362	1,630,462
Profit for the year	-	269,131	269,131	-	394,702	594,702
Dividend paid	-	(50,000)	(50,000)	-	(50,000)	(50,000)
Goodwill written off	-	(322,244)	(322,244)	-	-	-
At 31 December 1997	100	1,016,542	1,016,642	100	1,975,065	1,975,165

19. Net cash inflow from operating activities

	1997	1996
	£	£
Operating profit	546,222	309,316
Depreciation charges	114,816	89,527
Loss on sale of tangible fixed assets	-	1
(Increase)/decrease in debtors	(224,974)	89,674
Increase/(decrease) in creditors	93,938	(104,254)
Net cash inflow from operating activities	342,126	384,264



OISE Limited

Notes to the financial statements (continued)
For the year ended 31st December 1997

20. Reconciliation of net cash flow to movement in net debt

	1997 £	1996 £
(Decrease)/increase in cash in the period	(574,329)	90,799
Cash inflow from increase in debt and lease financing	256,302	(670,751)
Movement in net debt in the period	(318,027)	(579,952)
Net debt at 1 January 1997	(477,437)	102,515
Net debt at 31 December 1997	(795,464)	(477,437)

21. Analysis of changes in net debt

	At 1 st January 1997 £	Cash flow £	Acquisitions £	At 31 st December 1997 £
Cash in hand and at bank	629,802	(67,805)	(15,001)	546,996
Overdrafts	(464,038)	(480,182)	-	(944,220)
Debt due after one year	(643,201)	244,961	-	(398,240)
Total	(477,437)	(303,026)	(15,001)	(795,464)

22. Parent undertaking and related parties

The ultimate parent company, OISE Limited has produced consolidated accounts including all subsidiaries. Till Gins, a director, is the ultimate controlling party with a controlling shareholding of 90% of the issued share capital in OISE Limited.

23. Guarantees and other financial commitments

At 31st December 1997, the company was committed to making the following payments under non-cancellable operating leases in the year to 31st December 1996:

	Land and buildings		Other	
	1997 £	1996 £	1997 £	1996 £
Operating leases which expire:				
Within 1 year	33,250	22,750	6,000	-
Within 2 to 5 years	91,000	91,000	14,000	-
After 5 years	136,500	159,250	-	-
	260,750	273,000	20,000	-

24. Capital commitments

There were no capital commitments at 31 December 1997 or 31 December 1996.

25. Contingent liabilities

There were no contingent liabilities at 31 December 1997 or 31 December 1996.