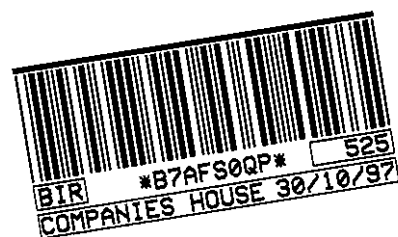


LSC Group Limited

Directors' report and financial statements

For the year ended 30 April 1996

Registered number 2275471



LSC Group Limited

Directors' report and financial statements

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LSC Group Limited

Directors' report

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

Principal activities

The principal activities of the company during the year have been the provision of consultancy, training, software sales and software support.

Business review

The company has grown significantly during the year, developing its logistics, electronic documentation, training and software businesses and investing in the development of software products. The retained loss for the year of £343,141 (1995: profit £73,020) has been arrived at after charging research and development expenditure of £372,170 (1995: £166,520).

Fixed assets

Movements in fixed assets are shown in notes 9, 10 and 11 to the financial statements.

Directors and directors' interests

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

		Ordinary shares of £1 each	
		1996	1995
Air Commodore OJ Truelove			
MBE (RAF retired) - Chairman		7,500	8,000
Air Commodore MJS Palmer (RAF retired) - Managing			
Director		5,000	-
RK Johns		33,750	36,000
ACF Cotton		33,750	36,000
MR Sutton		-	-
JPB Szymanski	(appointed 1 December 1995)	-	-
WR Starr	(resigned 19 July 1995)	-	-
AG Jackson	(resigned 19 July 1995)	-	-
		<hr/>	<hr/>

LSC Group Limited

Directors' report (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 for that period. In preparing those financial statements, the directors are required to:

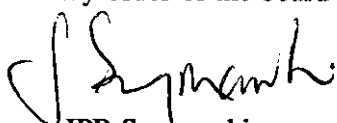
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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.

Auditors

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


JPB Szymanski
Director

Concept House
Victoria Road
Tamworth
Staffs
B79 7HS

17 October 1997



2 Cornwall Street
Birmingham
B3 2DL

Auditors' report to the members of LSC Group Limited

We have audited the financial statements on pages 4 to 20.

Respective responsibilities of directors and auditors

As described on page 2, 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.

In forming our opinion, we have considered the adequacy of the disclosures made in note 11 to the financial statements concerning the carrying value of the amounts owed by the group undertakings. The financial statements include within fixed asset investments a loan to establish the business of LSC in Scandinavia AB, a subsidiary undertaking of £282,735 and also within debtors an amount of £216,642 due from that company. The repayment of the debt is dependant on the subsidiary undertaking generating sufficient funds from its future trading operations. We consider this matter should be drawn to your attention but our audit opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants
Registered Auditors

17 October 1997

LSC Group Limited

Profit and loss account for the year ended 30 April 1996

	<i>Note</i>	1996 £	1995 £
Turnover	2	5,357,659	4,041,495
Cost of sales		<u>(3,787,995)</u>	<u>(2,489,739)</u>
Gross profit		1,569,664	1,551,756
Administrative expenses	3	<u>(1,891,136)</u>	<u>(1,298,895)</u>
Operating (loss)/profit		(321,472)	252,861
Interest payable	6	<u>(101,669)</u>	<u>(79,513)</u>
(Loss)/profit on ordinary activities before taxation	3	(423,141)	173,348
Tax on (loss)/profit on ordinary activities	7	<u>100,000</u>	<u>(75,425)</u>
(Loss)/profit on ordinary activities after taxation		(323,141)	97,923
Dividends:			
Equity	8	-	(4,903)
Non-equity	8	<u>(20,000)</u>	<u>(20,000)</u>
Retained (loss)/profit for the year	19	<u>(343,141)</u>	<u>73,020</u>

In both the current and preceding years, the company made no acquisitions and had no discontinued operations.

There were no recognised gains or losses in either the current or preceding years other than those disclosed in the profit and loss account.

There is no difference between the historical cost result and the result shown in the profit and loss account above.

LSC Group Limited

Balance sheet at 30 April 1996

	Note	1996		1995	
		£	£	£	£
Fixed assets					
Intangible assets	9		151,109		-
Tangible assets	10		387,261		407,031
Investments	11		287,276		4,539
			<u>825,646</u>		<u>411,570</u>
Current assets					
Stocks	12	333,065		307,416	
Debtors	13	1,366,417		1,377,660	
Cash in hand		1,172		61,302	
		<u>1,700,654</u>		<u>1,746,378</u>	
Creditors: Amounts falling due within one year	14	<u>(2,237,414)</u>		<u>(1,505,452)</u>	
Net current (liabilities)/assets			<u>(536,760)</u>		<u>240,926</u>
Total assets less current liabilities			<u>288,886</u>		<u>652,496</u>
Creditors: Amounts falling due after more than one year	15		<u>(133,956)</u>		<u>(157,425)</u>
Provision for liabilities and charges	16		-		(7,000)
Net assets			<u>154,930</u>		<u>488,071</u>
Capital and reserves					
Called up share capital	18		300,000		300,000
Profit and loss account	19		<u>(145,070)</u>		<u>188,071</u>
Shareholders' funds					
Equity		(45,070)		288,071	
Non-equity	18	<u>200,000</u>		<u>200,000</u>	
	20		<u>154,930</u>		<u>488,071</u>

These financial statements were approved by the board of directors on 17 October 1997 and were signed on its behalf by:

ACF Cotton

MJS Palmer
Directors



LSC Group Limited

Cash flow statement

for the year ended 30 April 1996

	Note	1996 £	1995 £
Net cash inflow/(outflow) from operating activities	21(a)	397,389	(126,577)
Returns on investments and servicing of finance			
Interest paid	(101,669)	(79,513)	
Dividends paid	(26,488)	(21,626)	
		(128,157)	(101,139)
Taxation			
Corporation tax paid	(40,000)	-	
Advanced corporation tax paid	(6,622)	(5,406)	
		(46,622)	(5,406)
Investing activities			
Payments to acquire intangible fixed assets	(154,109)	-	
Payments to acquire tangible fixed assets	(35,626)	(240,322)	
Payments to acquire fixed asset investments	(2)	(4,437)	
Receipts from sale of tangible fixed assets	33,819	114,136	
Net cash outflow from investing activities		(152,918)	(130,623)
Net cash inflow/(outflow) before financing		69,692	(363,745)
Financing			
Capital element of repayments under finance leases	21(d) (120,299)	(47,584)	
Other loans received	21(d) 250,000	100,000	
Repayment of other loans	21(d) (6,500)	-	
Share issue expenses	-	(30,000)	
		123,201	22,416
Increase/(decrease) in cash and cash equivalents	21(c)	192,893	(341,329)

LSC Group 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 historical cost accounting rules.

Consolidation

By virtue of Section 248 of the Companies Act 1985 the company is exempt from requirements to prepare group financial statements. Accordingly, these financial statements present information about the company as an individual undertaking only.

Depreciation

Depreciation is provided to write off the cost or valuation, less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Motor vehicles	-	25% on the reducing balance
Computer equipment	-	33% on the reducing balance
Fixtures, fittings, tools and equipment	-	15% on the reducing balance

Stocks

Stocks are stated at the lower of cost and net realisable value. Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account received and receivable not matched with turnover.

Taxation

The charge for taxation is based on the result 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.

Government grants

Capital grants received for the development of new software design have been credited to deferred income within creditors and are being amortised over the estimated useful lives of the assets to which they relate.

Revenue grants received are credited to income in the period in which the related expenditure is charged.

LSC Group Limited

Notes (continued)

1 Accounting policies (continued)

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 in 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.

Research and development expenditure

Development costs on clearly defined projects, net of specific grant income receivable, the outcome of which has been assessed with reasonable certainty, are capitalised to the extent that their recovery can reasonably be regarded as assured and are amortised over the anticipated commercial life of the product developed.

Other research and development expenditure is written off against profits in the year in which it is incurred.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date or, if appropriate, at the forward contract rate and the gains and losses on translation are included in the profit and loss account.

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.

Turnover

Turnover represents amounts (excluding VAT) derived from the provision of goods and services.

LSC Group Limited

Notes (continued)

2 Analysis of turnover

An analysis of turnover by geographical market is as follows:

	1996 £	1995 £
UK	4,067,868	2,743,859
Europe	1,184,751	517,712
Rest of world	105,040	779,924
	<u>5,357,659</u>	<u>4,041,495</u>

3 (Loss)/profit on ordinary activities before taxation

	1996 £	1995 £
--	-----------	-----------

(Loss)/profit on ordinary activities before taxation is stated

after charging

Auditors' remuneration:

Audit	14,250	10,000
Other services	13,750	3,000
Depreciation of tangible fixed assets	114,078	85,109
Operating leases:		
Plant and machinery	120,618	11,652
Land and buildings	64,541	42,113
Research and development:		
Current year expenditure	338,170	132,520
Amortisation of deferred expenditure from work in progress	34,000	34,000

after crediting

Profit on sale of tangible fixed assets	<u>39</u>	<u>3,263</u>
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4 Directors' remuneration

	1996 £	1995 £
Directors' emoluments (including pension contributions)	<u>403,308</u>	<u>242,151</u>

The emoluments, excluding pension contributions, of the chairman were £57,931 (1995: £36,000) and of the highest paid director were £90,979 (1995: £101,777).

LSC Group Limited

Notes (continued)

4 Directors' remuneration (continued)

In addition to the above, Messrs RK Johns and ACF Cotton are partners in Logistic Support Consultants partnership which, during the year, provided software support and consultancy services to the company to the value of £52,111.

The emoluments, excluding pension contributions, of all the directors were within the following ranges:

		Number of directors	
		1996	1995
£0	- £5,000	-	2
£5,001	- £10,000	1	-
£10,001	- £15,000	1	1
£20,001	- £25,000	1	-
£35,001	- £40,000	1	1
£40,001	- £45,000	-	2
£55,001	- £60,000	1	-
£60,001	- £65,000	2	-
£65,001	- £70,000	1	-
£100,001	- £105,000	-	1
		<hr/>	<hr/>

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	
		1996	1995
Directors		8	7
Administrative		25	18
Direct		81	53
		<hr/>	<hr/>
		114	78
		<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	2,926,982	1,621,916
Social security costs	243,498	153,495
Other pension costs	71,846	13,427
	<hr/>	<hr/>
	3,242,326	1,788,838
	<hr/>	<hr/>

LSC Group Limited

Notes (continued)

6 Interest payable

	1996 £	1995 £
On bank overdrafts wholly repayable within five years	66,727	51,465
Other loans	14,708	6,000
Finance charges on finance leases	20,234	22,048
	<u>101,669</u>	<u>79,513</u>

7 Tax on (loss)/profit on ordinary activities

	1996 £	1995 £
Corporation tax on (loss)/profit on ordinary activities at 33% less small companies marginal relief (1995: 33%)	(93,000)	50,000
Under-provision/(over-provision) in earlier years	-	18,425
Deferred tax:		
In respect of current year	(7,000)	4,000
In respect of prior year	-	3,000
	<u>(100,000)</u>	<u>75,425</u>

8 Dividends

	1996 £	1995 £
Equity:		
Final proposed:		
£Nil for £1 "A" ordinary share (1995: £4,903)	-	4,903
Non-equity:		
Final paid:		
10p per £1 cumulative redeemable preference share (1995: 10p)	10,000	20,000
Final proposed:		
10p per £1 cumulative redeemable preference share (1995: Nil)	10,000	-
	<u>20,000</u>	<u>20,000</u>

The cumulative redeemable preference shares are classified as non-equity shares and the "A" ordinary shares as equity shares (see note 18).

LSC Group Limited

Notes (continued)

9 Intangible fixed assets

	Development costs £
Cost	
Additions	232,475
Less grant income receivable	(81,366)
	<hr/>
At end of year	151,109
	<hr/>
Net book value	151,109
At 30 April 1996	<hr/>

10 Tangible fixed assets

	Computer equipment £	Motor vehicles £	Fixtures and fittings £	Total £
Cost				
At beginning of year	234,446	222,527	69,533	526,506
Additions	120,840	-	7,248	128,088
Disposals	-	(42,990)	-	(42,990)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	355,286	179,537	76,781	611,604
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At beginning of year	67,738	32,532	19,205	119,475
Charge for year	63,478	42,520	8,080	114,078
Disposals	-	(9,210)	-	(9,210)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	131,216	65,842	27,285	224,343
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 30 April 1996	224,070	113,695	49,496	387,261
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 1995	166,708	189,995	50,328	407,031
	<hr/>	<hr/>	<hr/>	<hr/>

Included in the total net book value of computer equipment and motor vehicles is £256,523 (1995: £273,989) in respect of assets held under finance leases. Depreciation for the year on these assets was £76,148 (1995: £23,475).

LSC Group Limited

Notes (continued)

11 Fixed asset investments

	1996 £	1995 £
Investments in subsidiary undertakings at cost	4,541	4,539
Loan to subsidiary undertaking	282,735	-
	<u>287,276</u>	<u>4,539</u>

Details of subsidiary undertakings are as follows:

Subsidiary undertaking	Country of incorporation	Principal activity	Class and % of shares held	Aggregate of capital and reserves at 30 April 1996 £	Result for the year ended 30 April 1996 £
LSC in Scandinavia AB	Sweden	Consultancy and software sales	100% ordinary	(290,000)	(230,000)
LSC Consulting Limited	England	Dormant	100% ordinary	100	-
Amligi Limited	England	Consultancy and software sales	100% ordinary	(249)	(332)
LSC Products Limited	England	Dormant	100% "A" ordinary	(15,914)	-
The European Virtual Company Limited	England	Dormant	100% ordinary	<u>2</u>	<u>-</u>

The amounts owed by the group undertaking included in both fixed asset investments and debtors, and totalling £499,377, represents sums due from LSC in Scandinavia AB. These amounts have arisen from the investment, in the form of loans, to establish the business in Scandinavia and from the provision of consultancy services. The repayment of the debt is dependent on the subsidiary generating sufficient funds from its future trading operations. The directors have reviewed the cash flow projections of the subsidiary for the period ending 30 April 1999 and have considered the operating plans for a further period of five years. Based on these projections and plans, the directors are of the opinion that the amounts will be recoverable over a period of up to seven years. Therefore, the financial statements do not include any adjustment which would be required if the subsidiary were unable to repay these amounts.

12 Stocks

	1996 £	1995 £
Work in progress	<u>333,065</u>	<u>307,416</u>

LSC Group Limited

Notes (continued)

13 Debtors

	1996 £	1995 £
Trade debtors	952,889	905,759
Amounts owed by subsidiary undertakings	216,644	396,418
Other debtors	26,426	31,666
Corporation tax recoverable	93,000	-
Prepayments	77,458	43,817
	<u>1,366,417</u>	<u>1,377,660</u>

14 Creditors: Amounts falling due within one year

	1996 £	1995 £
Bank overdrafts (secured)	392,827	645,850
Other loans (secured)	250,000	-
Obligations under finance leases and hire purchase agreements (secured)	101,383	77,421
Trade creditors	562,784	248,765
Amounts owed to subsidiary undertaking	16,536	75,254
Other creditors including taxation and social security	748,070	409,804
Accruals	160,911	43,455
Proposed dividend	4,903	4,903
	<u>2,237,414</u>	<u>1,505,452</u>
Other creditors including taxation and social security comprise:		
Corporation tax	43,309	91,274
Other taxes and social security	593,119	175,547
Directors' current accounts	100,000	106,500
	<u>736,428</u>	<u>373,321</u>
Other creditors	11,642	36,483
	<u>748,070</u>	<u>409,804</u>

LSC Group Limited

Notes (continued)

14 Creditors: Amounts falling due within one year (continued)

The bank overdrafts are secured by a fixed and floating charge over the assets of the company.

The other loan is secured by a fixed and floating charge over the assets of the company to rank after the bank overdraft security.

Obligations under finance leases and hire purchase agreements are secured on the assets to which they relate.

15 Creditors: Amounts falling due after more than one year

	1996 £	1995 £
Obligations under finance leases and hire purchase contracts (secured - see note 13)	<u>133,956</u>	<u>157,425</u>

16 Provision for liabilities and charges

Deferred tax

	£
At beginning of year	7,000
Credit in year	<u>(7,000)</u>
At end of year	<u>-</u>

The amounts provided for deferred taxation which represents the full potential liability, calculated on the liability method at a corporation tax rate of 33% in respect of accelerated capital allowances and other timing differences are set out as follows:

	1996 £	1995 £
Accelerated capital allowances	<u>-</u>	<u>7,000</u>

LSC Group Limited

Notes (continued)

17 Obligations under operating leases

At 30 April 1996, the company had annual commitments under operating leases which expire as follows:

	1996		1995	
	Land and buildings £	Plant and machinery £	Land and buildings £	Plant and machinery £
Within one year	11,417	5,931	-	3,262
Within two to five years	-	103,908	45,500	77,886
After five years	-	6,596	-	2,416
	<u>11,417</u>	<u>116,435</u>	<u>45,500</u>	<u>83,564</u>

18 Share capital

	1996 £	1995 £
<i>Authorised, allotted, called up and fully paid:</i>		
80,000 ordinary shares of £1 each	80,000	80,000
20,000 "A" ordinary shares of £1 each	20,000	20,000
200,000 cumulative redeemable preference shares of £1 each	<u>200,000</u>	<u>200,000</u>
	<u>300,000</u>	<u>300,000</u>

Ordinary shares do not become entitled to a dividend until all arrears of dividends have been paid in respect of the preference shares and "A" ordinary shares, any preference shares due for redemption have been redeemed and are limited according to the current year dividend payable on the "A" ordinary shares. In the case of a winding up, subject to the rights of the preference shares and the "A" ordinary shares, an amount of £2.50 per share becomes due. Any balance of assets becomes payable to holders of ordinary shares and "A" ordinary shares in proportion to their nominal values. Holders of ordinary shares are entitled to vote at meetings of the company and hence are treated as equity capital.

The "A" ordinary shares are entitled to a dividend based upon the performance of the company. These shares may be converted into ordinary shares at any time by agreement of the holders of the "A" ordinary and ordinary shares. In the case of a winding up, an amount of £2.50 per "A" ordinary share and the payment of any arrears of dividend become due, subject to the rights of the preference shares noted above. Holders of "A" ordinary shares are entitled to vote at meetings of the company. Hence, the shares are treated as equity capital.

LSC Group Limited

Notes (continued)

18 Share capital (continued)

The cumulative redeemable preference shares ("preference shares") are entitled to a net dividend of 10p per share per annum. These shares are due for redemption at par in 50,000 share tranches on each of 30 April 1996, 1997, 1998 and 1999. Following agreement with the shareholders, during the year, these shares are now due for redemption at par in 50,000 tranches on each of 30 April 1998, 1999, 2000 and 2001. Earlier redemption may take place if there is agreement between the company and the shareholders, or if certain other events occur. In the case of a winding up, after all other liabilities have been settled, the preference shares have priority over all other classes of shares for the repayment of capital at £1 per share and the payment of any arrears of dividend. Holders of preference shares are not entitled to vote at meetings of the company. Hence, the shares are treated as non-equity capital.

At 30 April 1996, there were arrears of cumulative redeemable preference dividends amounting to £10,000 not provided in the financial statements. This reflects the company's inability to provide for the dividend, as it does not have distributable reserves at 30 April 1996.

19 Reserves

	Profit and loss account £
At beginning of year	188,071
Retained loss for the year	(343,141)
Preference dividend	10,000
	<hr/>
At end of year	<u>(145,070)</u>

20 Reconciliation of movement in shareholders' funds

	1996 £	1995 £
(Loss)/profit for the financial year	(323,141)	97,923
Dividends	<u>(20,000)</u>	<u>(24,903)</u>
Net (decrease)/increase in shareholders' funds	(343,141)	73,020
Other recognised gains and losses relating to the year (net)		
Share issue expenses	-	(30,000)
Preference dividend	<u>10,000</u>	<u>-</u>
Net (reduction)/addition to shareholders' funds	(333,141)	43,020
Opening shareholders' funds	<u>488,071</u>	<u>445,051</u>
Closing shareholders' funds	<u>154,930</u>	<u>488,071</u>

LSC Group Limited

Notes (continued)

21 Notes to the cash flow statement

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

	1996 £	1995 £
Operating (loss)/profit	(321,472)	252,861
Depreciation charge	114,078	85,109
Profit on sale of tangible fixed assets	(39)	(3,263)
(Increase)/decrease in stocks	(25,649)	55,125
Increase in debtors	104,245	(791,354)
Increase in creditors	808,963	288,642
Reclassification of amounts owed by subsidiary undertaking	(282,737)	-
Net cash inflow/(outflow) from operating activities	<u>397,389</u>	<u>(158,706)</u>

(b) Analysis of changes in cash and cash equivalents during the year

	1996 £	1995 £
Balance at beginning of year	(584,548)	(243,219)
Net cash inflow/(outflow)	<u>192,893</u>	<u>(341,329)</u>
Balance at end of year	<u>(391,655)</u>	<u>(584,548)</u>

(c) Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1996 £	1995 £	Change in year £
Cash at bank and in hand	1,172	61,302	(60,130)
Bank overdraft	<u>(392,827)</u>	<u>(645,850)</u>	<u>253,023</u>
	<u>(391,655)</u>	<u>(584,548)</u>	<u>192,893</u>

LSC Group Limited

Notes (continued)

21 Notes to the cash flow statement (continued)

(c) Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1995	1994	Change in year
	£	£	£
Cash at bank and in hand	61,302	441	60,861
Bank overdraft	(645,850)	(243,660)	(402,190)
	<u>(584,548)</u>	<u>(243,219)</u>	<u>(341,329)</u>

(d) Analysis of changes in financing during the year

	1996 £	1995 £
<i>Obligations under finance leases</i>		
Balance at beginning of year	234,846	112,172
Capital element of repayments under finance leases	(120,299)	(47,584)
New finance lease agreements	120,792	170,258
	<u>235,339</u>	<u>234,846</u>
<i>Other loans</i>		
Balance at beginning of year	106,500	6,500
Cash inflow from financing	250,000	100,000
Amount repaid	(6,500)	-
	<u>350,000</u>	<u>106,500</u>

22 Contingent liabilities

The company has guaranteed the borrowings of Amligi Limited, a wholly owned subsidiary company. There was no liability at 30 April 1996 (1995: £Nil).

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Notes *(continued)*

23 **Capital commitments**

At 30 April 1996, the company had no authorised or contracted for capital expenditure (1995: £Nil).

24 **Directors' interests in contracts**

Messrs RK Johns and ACF Cotton are partners in Logistic Support Consultants partnership which, during the year, provided software support and consulting services to the company to the value of £52,111.