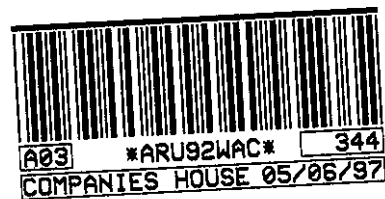


ELAN COMPUTING LIMITEDFINANCIAL STATEMENTS

- for the year ended -

31ST AUGUST 1996

Company No: 2114287



MORISON STONEHAM  
Chartered Accountants  
Prudential Buildings  
Epsom Road Guildford Surrey GU1 3JW

**ELAN COMPUTING LIMITED**

**DIRECTORS**

S Anthony  
P Anthony  
A Derx  
J Haydock  
S White  
J Hubert (Non-executive)

**SECRETARY**

A P Hayes

**BUSINESS ADDRESS**

93 Newman Street  
London W1P 3LE

**REGISTERED OFFICE**

Prudential Buildings  
Epsom Road  
Guildford Surrey GU1 3JW

**AUDITORS**

Morison Stoneham  
Chartered Accountants  
Prudential Buildings  
Epsom Road  
Guildford Surrey GU1 3JW

**PRINCIPAL BANKERS**

Midland Bank plc  
168 High Street  
Guildford  
Surrey GU1 3YU

ELAN COMPUTING LIMITED

INDEX TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1996

Page

1	Report of the directors
3	Auditors' report
4	Consolidated profit and loss account
5	Consolidated balance sheet
6	Balance sheet
7	Consolidated cash flow statement
8	Notes to the financial statements

## ELAN COMPUTING LIMITED

### REPORT OF THE DIRECTORS

The directors present their annual report, together with the audited financial statements of the company and consolidated financial statements of the group for the year ended 31st August 1996.

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company and the group in the year under review was that of employment agents for the computer industry.

#### **DIVIDEND AND TRANSFER TO RESERVES**

The directors have paid interim dividends amounting to £508,000, and they do not recommend payment of a final dividend.

It is proposed that the retained profit of £921,731 is transferred to reserves.

#### **FIXED ASSETS**

Full disclosure of all matters relating to fixed assets is set out in the notes to the financial statements.

#### **DIRECTORS AND THEIR INTERESTS**

The directors at the balance sheet date and their interests in the company at that date and at the beginning of the year, were as follows:

	<u>Class of share</u>	<u>Number of shares</u>	
		<u>1996</u> <u>1p shares</u>	<u>1995</u> <u>1p shares</u>
S Anthony	Ordinary shares	3,099,484	3,099,484
P Anthony	Ordinary shares	2,799,534	2,799,534
A Derx	Ordinary shares	3,099,484	3,099,484
J Haydock	Ordinary shares	999,834	999,834
S White	Ordinary shares	100,000	-
J Hubert (Non-executive)	Ordinary shares	-	-

S White was appointed to the board of directors on 1st December 1995.

J Hubert was appointed as a non-executive director on 2 January 1997.

ELAN COMPUTING LIMITED

REPORT OF THE DIRECTORS (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 the 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:

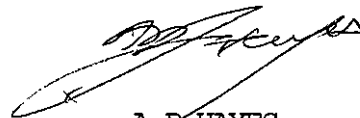
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS**

The auditors, Morison Stoneham, are willing to be reappointed in accordance with section 385 of the Companies Act 1985.

By Order of the Board



A P HAYES  
Secretary

Date: 23RD MAY 1997

ELAN COMPUTING LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF ELAN COMPUTING LIMITED

We have audited the financial statements on pages 4 to 19 which have been prepared under the historical cost convention and the accounting policies set out in note 1 to the financial statements.

**Respective responsibilities of the directors and auditors**

As described on the Directors' Report 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 affairs of the company and of the group as at 31 August 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MORISON STONEHAM  
Registered Auditors  
Chartered Accountants

Prudential Buildings  
Epsom Road  
Guildford Surrey GU1 3JW

Date: 23RD MAY 1997

ELAN COMPUTING LIMITEDCONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST AUGUST 1996

	Notes	1996 £	1995 £
TURNOVER	2	57,355,126	38,736,418
Change in work in progress		3,224,963	773,160
		<u>60,580,089</u>	<u>39,509,578</u>
Staff costs	6	(4,600,424)	(3,684,413)
Depreciation		(206,506)	(148,407)
Other operating charges		<u>(53,368,710)</u>	<u>(34,162,968)</u>
OPERATING PROFIT	3	2,404,449	1,513,790
Other interest receivable	4	969	1,786
Interest payable	5	<u>(100,455)</u>	<u>(23,422)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,304,963	1,492,154
Tax on profit on ordinary activities	8	<u>(768,306)</u>	<u>(511,586)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,536,657	980,568
Minority interests		<u>(106,926)</u>	<u>(7,112)</u>
RETAINED PROFIT FOR THE YEAR		1,429,731	973,456
Dividends	9	<u>(508,000)</u>	<u>(28,235)</u>
RETAINED PROFIT FOR THE YEAR	19	<u><u>921,731</u></u>	<u><u>945,221</u></u>

None of the company's activities were acquired or discontinued during the above two financial years.

The company has no recognised gains or losses other than those dealt with in the profit and loss account.

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

ELAN COMPUTING LIMITEDCONSOLIDATED BALANCE SHEET AT 31ST AUGUST 1996

	Notes	1996 £	1995 £
<b>FIXED ASSETS</b>			
Tangible assets	10	672,703	478,549
<b>CURRENT ASSETS</b>			
Stocks	13	6,394,048	2,954,892
Debtors	14	5,133,545	3,035,810
Cash at bank and in hand		356,480	58,988
		<u>11,884,073</u>	<u>6,049,690</u>
<b>CREDITORS: Amounts falling due within one year</b>	15	<u>(8,230,604)</u>	<u>(4,099,780)</u>
<b>NET CURRENT ASSETS</b>		<u>3,653,469</u>	<u>1,949,910</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,326,172</u>	<u>2,428,459</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	16	<u>(873,669)</u>	<u>(91,500)</u>
		<u>3,452,503</u>	<u>2,336,959</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	102,896	100,000
Share premium account	18	83,991	-
Minority interest		178,148	71,222
Profit and loss account	19	3,087,468	2,165,737
	20	<u>3,452,503</u>	<u>2,336,959</u>

The financial statements were approved  
by the board on 23RD MAY 1997 and  
signed on its behalf by

S ANTHONY ×  × )  
A DERX ×  × ) Directors

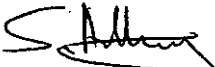

The notes on pages 8 to 19 form part of these financial statements.



ELAN COMPUTING LIMITEDBALANCE SHEET AT 31ST AUGUST 1996

	Notes	£	1996 £	£	1995 £
<b>FIXED ASSETS</b>					
Tangible assets	11		369,053		334,150
Investments	12		185,343		124,953
			<u>554,396</u>		<u>459,103</u>
<b>CURRENT ASSETS</b>					
Stocks	13	4,417,808		2,005,463	
Debtors	14	4,885,570		3,111,923	
Cash at bank and in hand		112,682		3,738	
			<u>9,416,060</u>	<u>5,121,124</u>	
CREDITORS: Amounts falling due within one year	15	(7,079,276)		(3,599,504)	
NET CURRENT ASSETS			<u>2,336,784</u>		<u>1,521,620</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,891,180		1,980,723
CREDITORS: Amounts falling due after more than one year	16		(873,669)		(91,500)
			<u>2,017,511</u>		<u>1,889,223</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		102,896		100,000
Share premium account	18		83,991		-
Profit and loss account	19		1,830,624		1,789,223
	20		<u>2,017,511</u>		<u>1,889,223</u>

The financial statements were approved  
by the board on 23RD MAY 1997 and  
signed on its behalf by

S ANTHONY  × )  
A DERX  × ) Directors

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

ELAN COMPUTING LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST AUGUST 1996

	Notes	1996 £	1995 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	21	237,169	39,634
Return on investments and servicing of finance:			
Interest received		(969)	1,786
Interest paid		(100,455)	(23,422)
Dividends paid to minority shareholders		(8,000)	(28,235)
Dividends paid		(500,000)	-
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(607,486)	(49,871)
Corporation tax paid		(517,890)	(208,092)
Investing activities:			
Purchase of tangible fixed assets		(412,854)	(352,630)
Receipts from sale of tangible assets		17,773	32,706
NET CASHFLOW FROM INVESTING ACTIVITIES		(395,081)	(319,924)
NET CASH OUTFLOW BEFORE FINANCING		(1,283,288)	(538,253)
Financing:			
Issue of shares to minority shareholders		-	(11,043)
Issue of ordinary shares		(86,887)	-
Repayment of long term loans		-	43,500
New long term loans		(932,000)	-
NET CASH INFLOW FROM FINANCING		(1,018,887)	32,457
DECREASE IN CASH AND CASH EQUIVALENTS	22	(264,401)	(570,710)
		(1,283,288)	(538,253)

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

## ELAN COMPUTING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1996

#### 1. ACCOUNTING POLICIES

##### 1.1 BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

##### 1.2 TURNOVER

Turnover represents the total invoice value, excluding value added tax, of services rendered during the year.

##### 1.3 DEPRECIATION

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost, less estimated residual value, of the tangible assets over their estimated useful lives:-

Plant and machinery	33% per annum on cost
Fixtures and fittings	10% per annum on cost
Motor vehicles	25% per annum on written down value

##### 1.4 WORK IN PROGRESS

Work in progress represents time costs not yet charged to customers.

##### 1.5 DEFERRED TAXATION

Deferred taxation is provided where there is a reasonable probability of the amount becoming payable in the foreseeable future.

No provision has been made in respect of future remittances of retained profits of overseas subsidiaries, as there is no intention to remit these profits in the foreseeable future.

##### 1.6 FOREIGN EXCHANGE

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the profit and loss account.

##### 1.7 LEASING AND HIRE PURCHASE

Rentals payable under operating leases are taken to the profit and loss account on a straight line basis over the lease term.

##### 1.8 PENSIONS

The group operates defined contribution pension schemes. Contributions to the schemes are charged to the profit and loss account when they are paid.

# ELAN COMPUTING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1996

### 1. ACCOUNTING POLICIES (continued)

#### 1.9 CONSOLIDATION

The Group accounts consolidate the accounts of Elan Computing Limited and its seven subsidiary undertakings. Of these five have coterminous year ends with Elan Computing Limited and the audited accounts for the year ending 31 August 1996 have been consolidated. Two of the subsidiaries have non-coterminous year ends and unaudited, interim accounts for the year to 31 August 1996 have been consolidated.

### 2. TURNOVER

An analysis of turnover by geographical market is given below:

	1996 £	1995 £
United Kingdom	48,284,220	34,322,763
Europe	5,981,469	3,448,795
Rest of the World	3,089,437	964,860
	<u>57,355,126</u>	<u>38,736,418</u>

### 3. OPERATING PROFIT

The operating profit is stated after charging:-

	1996 £	1995 £
Depreciation	206,506	148,407
Auditors' remuneration:-		
Audit services	23,350	21,250
Non-audit services	2,500	22,160
Hire of equipment	11,815	1,482
Operating lease rentals:-		
Land and buildings	274,162	230,513
Plant and machinery	38,027	-

and after crediting:-

Profit on foreign currencies	<u>2,452</u>	<u>46,038</u>
------------------------------	--------------	---------------

### 4. INTEREST RECEIVABLE

	1996 £	1995 £
Bank and other interest receivable	969	1,786
	<u>969</u>	<u>1,786</u>

ELAN COMPUTING LIMITEDNOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1996

5.	INTEREST PAYABLE	1996 £	1995 £
	On bank loans and overdrafts	62,720	23,422
	On other loans	37,351	-
	On overdue tax	384	-
		<u>100,455</u>	<u>23,422</u>

6.	DIRECTORS AND EMPLOYEES	1996 £	1995 £
	Staff costs:-		
	Wages and salaries	4,136,061	3,281,509
	Social security costs	394,921	260,002
	Other pension costs	69,442	142,902
		<u>4,600,424</u>	<u>3,684,413</u>

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

	Number	Number
Directors	5	4
Office and sales	148	114
	<u>153</u>	<u>118</u>

Directors' emoluments:-

Remuneration for management services (including pension contributions)	£	£
	<u>638,712</u>	<u>476,027</u>

The division of directors' emoluments, excluding pension contributions, is as follows:-

Highest paid director	<u>155,146</u>	<u>118,403</u>
-----------------------	----------------	----------------

Other directors' remuneration fell within the following ranges:

	Number	Number
£75,001 - £80,000	-	1
£85,001 - £90,000	-	1
£90,001 - £95,000	-	1
£100,001 - £105,000	1	-
£110,001 - £115,000	1	-
£130,001 - £135,000	1	-
£135,001 - £140,000	1	-
	<u>4</u>	<u>3</u>

ELAN COMPUTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1996

7. PENSION COSTS

The group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. Contributions payable by the group amounted to £69,442 (1995: £142,902). All contributions were paid in the year.

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996 £	1995 £
The taxation charge based on the profit before tax comprises:-		
U.K. corporation tax at 33% (1995 - 33%)	767,751	513,338
	<hr/>	<hr/>
	767,751	513,338
Adjustment in respect of prior years	555	(1,752)
	<hr/>	<hr/>
	768,306	511,586
	<hr/>	<hr/>

9. DIVIDENDS

	1996 £	1995 £
Ordinary:-		
Dividend paid to minority shareholders	8,000	28,235
Interim dividend	500,000	-
	<hr/>	<hr/>
	508,000	28,235
	<hr/>	<hr/>

ELAN COMPUTING LIMITEDNOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1996

## 10. TANGIBLE ASSETS - GROUP

	Computer equipment £	Fixtures & fittings £	Motor vehicles £	Total £
<u>Cost</u>				
At 1 September 1995	547,726	160,861	321,216	1,029,803
Additions	265,224	82,827	64,803	412,854
Disposals	-	-	(30,916)	(30,916)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 1996	812,950	243,688	355,103	1,411,741
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>				
At 1 September 1995	370,322	60,289	120,643	551,254
Charge for year	125,398	21,650	59,458	206,506
On disposals	-	-	(18,722)	(18,722)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 1996	495,720	81,939	161,379	739,038
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Net book value at 31 August 1996</u>	<hr/> 317,230 <hr/>	<hr/> 161,749 <hr/>	<hr/> 193,724 <hr/>	<hr/> 672,703 <hr/>
<u>Net book value at 31 August 1995</u>	<hr/> 177,404 <hr/>	<hr/> 100,572 <hr/>	<hr/> 200,573 <hr/>	<hr/> 478,549 <hr/>

ELAN COMPUTING LIMITEDNOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1996

## 11. TANGIBLE FIXED ASSETS

## COMPANY

	Computer equipment £	Fixtures & fittings £	Motor vehicles £	Total £
<u>Cost</u>				
At 1st September 1995	439,319	89,866	218,933	748,118
Additions	126,858	44,632	-	171,490
Disposals	-	-	(30,916)	(30,916)
At 31st August 1996	<u>566,177</u>	<u>134,498</u>	<u>188,017</u>	<u>888,692</u>
<u>Depreciation</u>				
At 1st September 1995	309,976	27,556	76,436	413,968
Charge for year	79,538	11,642	33,213	124,393
On disposals	-	-	(18,722)	(18,722)
At 31st August 1996	<u>389,514</u>	<u>39,198</u>	<u>90,927</u>	<u>519,639</u>
<u>Net book value at 31st August 1996</u>	<u>176,663</u>	<u>95,300</u>	<u>97,090</u>	<u>369,053</u>
<u>Net book value at 31st August 1995</u>	<u>129,343</u>	<u>62,310</u>	<u>142,497</u>	<u>334,150</u>

## 12. INVESTMENTS - RELATED UNDERTAKINGS

Cost	Beginning of year £	Additions £	Revaluation adjustment £	End of year £
Shares:				
Group undertaking	<u>124,953</u>	<u>3,266</u>	<u>57,124</u>	<u>185,343</u>

In the opinion of the directors the aggregate value of the assets of these group undertakings owned by Elan Computing Limited is not less than the amount included in the Balance Sheet.



## ELAN COMPUTING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1996

#### 12. INVESTMENTS - RELATED UNDERTAKINGS (continued)

The following were the operating subsidiaries at the balance sheet date:

Subsidiary undertakings	Description and proportion of share capital owned	Country of incorporation or registration	Nature of business
Held by parent company			
Elan Computing (Scotland) Limited	Ordinary 75%	England	Employment agents
Elan Computing (Northern) Limited	Ordinary 100%	England	Employment agents
House of Catalyst Limited	Ordinary 100%	England	Employment agents
Elan Computing (Midlands) Limited	Ordinary 80%	England	Employment agents
Elan Computing SA. Neuchatel	Ordinary 80%	Switzerland	Employment agents
Elan Communications Inc.	Ordinary 100%	USA	Employment agents
Held by Elan (Scotland) Limited			
Elan Computing (Asia) Limited	Ordinary 90%	Hong Kong	Employment agents

In January 1996 Elan Computing Limited subscribed for 5000 \$1 shares in Elan Communications Inc.

None of the company's investments are listed.

Elan Computing SA. Neuchatel and Elan Communications Inc have 31 December year ends whilst Elan Computing Limited and the other subsidiaries have 31 August year ends. The year ends of all of the companies is to be changed to 31 December.

#### 13. STOCKS

	GROUP		COMPANY	
	1996	1995	1996	1995
	£	£	£	£
Work in progress	6,394,048	2,954,892	4,417,808	2,005,463

ELAN COMPUTING LIMITEDNOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1996

## 14. DEBTORS

	GROUP		COMPANY	
	1996	1995	1996	1995
	£	£	£	£
Trade debtors	4,800,981	2,935,474	4,127,903	2,822,122
Amounts owed by group undertakings	-	-	522,562	250,569
Other debtors	91,376	-	39,769	-
Advance corporation tax	125,000	-	125,000	-
Prepayments and accrued income	116,188	100,336	70,336	39,232
	<u>5,133,545</u>	<u>3,035,810</u>	<u>4,885,570</u>	<u>3,111,923</u>

## 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		COMPANY	
	1996	1995	1996	1995
	£	£	£	£
Bank loan and overdrafts	1,087,624	467,400	1,087,624	416,282
Trade creditors	4,310,255	1,925,843	2,945,646	1,428,145
Amounts owed to group undertakings	-	-	1,165,169	661,633
Corporation tax	766,251	515,835	280,151	179,156
Other taxes and social security costs	966,561	561,503	611,568	522,044
Advance corporation tax	125,000	-	125,000	-
Directors' current accounts	499,738	181,394	499,738	181,394
Other creditors	87,808	70,399	65,543	65,543
Pension scheme loan	91,500	-	91,500	-
Accruals and deferred income	295,867	377,406	207,337	145,307
	<u>8,230,604</u>	<u>4,099,780</u>	<u>7,079,276</u>	<u>3,599,504</u>

The bank overdraft is secured by a fixed and floating charge over the company's assets dated 24th April 1987.

ELAN COMPUTING LIMITEDNOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 199616. CREDITORS: AMOUNTS FALLING DUE  
AFTER MORE THAN ONE YEAR

## Borrowings and other creditors

	GROUP		COMPANY	
	1996	1995	1996	1995
	£	£	£	£
Bank loan and overdrafts	1,529,293	467,400	1,529,293	416,282
Other loans	523,500	91,500	523,500	91,500
	<u>2,052,793</u>	<u>558,900</u>	<u>2,052,793</u>	<u>507,782</u>
Less: amounts falling due within one year:				
Bank loan and overdraft	1,087,624	467,400	1,087,624	416,282
Other loans	91,500	-	91,500	-
	<u>873,669</u>	<u>91,500</u>	<u>873,669</u>	<u>91,500</u>
 Bank loan, overdrafts and other loans				
Repayable as follows:				
In one year or less	1,184,547	467,400	1,179,124	416,282
Between one and two years	99,996	91,500	99,996	91,500
Between two and five years	299,988	-	299,988	-
In five years or more	473,685	-	473,685	-
	<u>2,058,216</u>	<u>558,900</u>	<u>2,052,793</u>	<u>507,782</u>
 Creditors repayable in five years or more				
Bank loan	41,685	-	41,685	-
Other loans	432,000	-	432,000	-
	<u>473,685</u>	<u>-</u>	<u>473,685</u>	<u>-</u>

The bank loan, the aggregate total of which amounts to £500,000, is repayable in monthly instalments of £10,239 commencing on 1 February 1997 and is secured by a fixed and floating charge over the company's assets dated 24 April 1987. Interest is charged at 2% above the base rate of Midland Bank plc.

The other loans are unsecured and are repayable by single instalment on 11 September 2005. Interest is charged at the Inland Revenue official rate by annual instalment in arrears.

ELAN COMPUTING LIMITEDNOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1996

17.	SHARE CAPITAL	1996 £	1995 £
	<u>Authorised</u>		
	11,000,000 Ordinary shares of 1p each	<u>110,000</u>	<u>110,000</u>
	<u>Allotted, called up and fully paid</u>		
	10,289,600 Ordinary shares of 1p each	<u>102,896</u>	<u>100,000</u>
		<u>102,896</u>	<u>100,000</u>
18.	SHARE PREMIUM ACCOUNT	1996 £	1995 £
	Equity interests:		
	Premium on shares issued during the year	<u>83,991</u>	<u>-</u>
	Balance carried forward at 31 August 1996	<u>83,991</u>	<u>-</u>
19.	PROFIT AND LOSS ACCOUNT	1996 £	1995 £
	GROUP		
	Retained profits at 1 September 1995	2,165,737	1,260,416
	Retained profit for the year	921,731	945,221
	Bonus issue of shares	-	(39,900)
	Retained profits at 31 August 1996	<u>3,087,468</u>	<u>2,165,737</u>
	COMPANY		
	Retained profits at 1 September 1995	1,789,223	1,428,844
	Profit for the year	41,401	400,269
	Bonus issue of shares	-	(39,890)
	Retained profits at 31 August 1996	<u>1,830,624</u>	<u>1,789,223</u>

ELAN COMPUTING LIMITEDNOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1996

## 20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
GROUP		
Profit for the financial year	1,429,731	973,456
Dividends	(508,000)	(28,235)
New share capital subscribed	2,896	10
Minority interest	83,991	-
Net addition to shareholders' funds	1,008,618	945,231
Shareholders' funds at 1 September 1995	2,336,959	1,373,583
Minority interests	106,926	18,155
Shareholders' funds at 31 August 1996	3,452,503	2,336,969
COMPANY		
Profit for the financial year	541,401	400,269
Dividends	(500,000)	-
New share capital subscribed	2,896	10
Premium on shares issued	83,991	-
Net reduction in shareholders' funds	128,288	400,279
Shareholders' funds at 1 September 1995	1,889,223	1,488,944
Shareholders' funds at 31 August 1996	2,017,511	1,889,223

## 21. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1996 £	1995 £
Operating profit	2,404,449	1,513,790
Depreciation	206,506	147,506
Profit on disposal of fixed assets	(5,579)	2,798
Increase in stocks	(3,439,156)	(947,908)
Increase in debtors	(1,972,735)	(1,624,092)
Increase in creditors due within one year	3,043,684	947,540
	237,169	39,634

ELAN COMPUTING LIMITEDNOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1996

## 22. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

	1996 £	1995 £
Cash at bank and in hand at 1 September 1995	58,988	189,652
Cash at bank and in hand at 31 August 1996	356,480	58,988
Net movement	297,492	(130,664)
Bank overdraft at 1 September 1995	(467,400)	(27,354)
Bank overdraft at 31 August 1996	(1,029,293)	(467,400)
Net movement	(561,893)	(440,046)
Total net movements	(264,401)	(570,710)

## 23. ANALYSIS OF CHANGES IN FINANCE IN YEAR

	1996 £	1995 £
Share capital at beginning of year	100,000	60,100
Shares issued for cash	2,896	10
Shares issued other than for cash	-	39,890
Share capital at end of year	102,896	100,000

## 24. GROUP REVENUE COMMITMENTS

The amounts payable in the next year in respect of operating leases are shown below, analysed according to the expiry date of the leases.

	Land and buildings		Other	
	1996 £	1995 £	1996 £	1995 £
Expiry date:				
Between one and five years	-	-	48,300	-
After five years	285,730	266,610	-	-
	285,730	266,610	48,300	-