FDM GROUP PLC

REGISTRAR

COMPANY INFORMATION

Directors	B.R. Divett R.N. Flavell J.J. Spouse J. Flavell N. Kalas (appointed 21/10/98)
Secretary	J. Flavell
Company Number	2542980
Registered Office	6-7 Lovers Walk Preston Park Brighton East Sussex BN1 6AH
Auditors	Rickard Keen 9 Nelson Street Southend-on-Sea Essex SS1 1EH

FDM GROUP PLC

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FDM GROUP PLC

CHAIRMAN'S STATEMENT

31 DECEMBER 1998

We have realised for some while that our branding needed revamping with three names, Longueville, FDI and Mountfield Software, providing confusion both in-house and amongst our customers. The Company has, therefore, changed its name to FDM Group plc and with effect from 1 January 1999 all divisions have adopted the new name and corporate identity.

The year has been another one of exceptional growth with our turnover increasing by 131% from £14.7m to £34.1m. At the same time our profit before tax increased by 70% from £1.2m to £2.0m.

Our US operation based in Raleigh, North Carolina, has opened at an initial cost of £440,000 and is proving to be highly successful. By the end of 1998 we had 15 programmers employed with an ever increasing demand for more. The US operation is split into two divisions, sales and training, with the latter having 15 students currently undergoing software tuition. We anticipate a significant increase in the throughput of programmers from our Training Centre during 1999.

The increased levels of business have brought with it the inevitable need for further office space and at the end of the year we relocated to new offices at Preston Park, Brighton. The Training Centre was also moved from Hastings to Brighton using the accommodation that formerly housed our Head Office. These facilities are significantly better and support the award of ISO9002 that the school achieved in 1998. Enterprise Solutions, which remains in Hastings has developed 4 new services:

Management Consultancy
Groupware
Oracle Financials Consultancy
Data Warehousing

This is in line with the Group's policy of diversifying from simply a supplier of human resources.

Against this successful background we are planning a number of actions that include:

Strengthening of our IT training programme
Strategic acquisitions to support our high value product range
Further expansion into Europe by acquisition, partnership and organic growth

The Group has again featured in a number of media articles comparing its position within the market place with those of its competitors. The fact that for the second consecutive year it has appeared in the Sunday Times Fast Track 100 selection in 34th place supports the view that we are a highly successful Company.

B.R. Divett
Chairman

FDM GROUP PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 1998

The directors present their report together with the audited accounts for the year ended 31 December 1998.

Principal Activities and Review of Business

The company's principal activity continued to be that of the placing of computer programmers, supplying consultancy services and software development and the recruitment and provision of specialist computer personnel.

Results and Dividends

The results for the year are set out in the profit and loss account on page 5.

The directors consider the state of the company's affairs to be satisfactory.

The directors recommend dividends amounting to £307,500 (1997 £210,000) and the retained profit of £1,295,352 will be added to reserves.

Fixed Assets

Details of movements in fixed assets are set out in the notes to the accounts.

Directors

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary Shares	
	31 December 1998	*1 January 1998*
B.R. Divett	**37,500**	*37,500*
R.N. Flavell	**75,000**	*75,000*
J.J. Spouse	**83,250**	*83,250*
J. Flavell	-	-
N. Kalas (appointed 21/10/98)	-	-

Political and Charitable Contributions

During the year the company made the following political and charitable contributions:

	£
Charitable donations	15,075

Year 2000 Compliance

A company-wide programme, designed to address the impact of Year 2000 on our business, has been commissioned by the Board and is under way. Resources have been allocated and the Board receives regular reports on progress.

A significant risk analysis has been performed to determine the impact of the issues on all our activities. From this, prioritised action plans have been developed which are designed to address the key risks in advance of critical dates and without disruption to the underlying business activities. Priority is given to those systems which could cause a significant financial or legal impact on the company's business if they were to fail. The plan also includes a requirement for the testing of systems changes, involving the participation of users.

The risk analysis also considers the impact on our business of Year 2000 related failures by our significant suppliers (including computer bureaux) and customers. In appropriate cases we have initiated formal communication with these other parties.

Given the complexity of the problem, it is not possible for any organisation to guarantee that no Year 2000 problems will remain, because at least some level of failure may still occur. However, the Board believes that it will achieve an acceptable state of readiness and has also provided resources to deal promptly with significant subsequent failures or issues that might arise.

Policy for payment of creditors

It is the policy of the company to settle outstanding accounts with suppliers on normal terms of credit which are agreed before initial transactions are contracted.

Directors' Responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of the company's affairs and of the profit and loss for that year. In preparing these accounts 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 accounts.

Prepare the accounts 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.

This report was approved by the board on 14 June 1999, and signed on its behalf.

Jacqueline Flavell.

J. Flavell, Secretary
Date: 14 June 1999

AUDITORS' REPORT TO THE

SHAREHOLDERS OF FDM GROUP PLC

We have audited the accounts on pages 5 to 24 which have been prepared under the historical cost convention and the accounting policies set out on page 11.

Respective Responsibilities of Directors and Auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 the information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company and of the group affairs as at 31 December 1998 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Rickard Keen

Rickard Keen
Chartered Accountants and Registered Auditors
9 Nelson Street
Southend-on-Sea
Essex
SS1 1EH

Date: 16 June 1999

FDM GROUP PLC

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1998

	Notes	1998 £	1997 £
Turnover	2	**34,026,074**	*14,787,068*
Cost of Sales		**28,661,251**	*12,175,050*
Gross Profit		**5,364,823**	*2,612,018*
Administrative Expenses		**2,885,604**	*1,408,825*
Operating Profit	3	**2,479,219**	*1,203,193*
Interest Receivable		**201**	*255*
Interest Payable and Similar Charges	4	**(85,022)**	*(10,073)*
Profit on Ordinary Activities before Taxation		**2,394,398**	*1,193,375*
Tax on profit on ordinary activities	6	**791,546**	*390,983*
Profit for the Financial Year		**1,602,852**	*802,392*
Dividends	7	**307,500**	*210,000*
Retained Profit for the Year	17	**1,295,352**	*592,392*

All amounts relate to continuing activities.

The notes on pages 11 to 24 form part of these accounts.

FDM GROUP PLC

BALANCE SHEET

AS AT 31 DECEMBER 1998

	Notes		1998		1997
		£	£	£	£
Fixed Assets					
Intangible assets	8		**103,013**		*90,657*
Tangible assets	9		**556,400**		*308,904*
Investments	10		**1**		-
			659,414		*399,561*
Current Assets					
Debtors	11	**7,292,350**		3,020,271	
Cash at bank and in hand		**225,159**		5,464	
		7,517,509		3,025,735	
Creditors: Amounts Falling Due Within One Year	12	**5,455,185**		2,042,222	
Net Current Assets			**2,062,324**		*983,513*
Total Assets Less Current Liabilities			**2,721,738**		*1,383,074*
Creditors: Amounts Falling Due After More Than One Year	13		**18,400**		-
Provision for Liabilities and Charges					
Deferred Taxation	15		**34,587**		9,675
			2,668,751		*1,373,399*
Capital and Reserves					
Share Capital	16		**250,000**		*250,000*
Profit and loss account	17		**2,418,751**		*1,123,399*
Shareholders' Funds	18		**2,668,751**		*1,373,399*

These accounts were approved by the board on 14 June 1999 and signed on its behalf.

B.R. Divett
Director

FDM GROUP PLC

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1998

	Notes	1998 £	1997 £
Reconciliation of Operating Profit to Net Cash Outflow from Operating Activities			
Operating profit		**2,479,219**	*1,203,193*
Depreciation		**192,460**	*98,385*
Profit on sale of fixed assets		**(1,185)**	-
Increase in debtors		**(4,272,079)**	*(1,218,570)*
Increase in creditors		**481,206**	*658,392*
Net Cash Outflow from Operating Activities		**(1,120,379)**	*741,400*

CASH FLOW STATEMENT

	Notes	1998 £	1997 £
Net Cash Outflow from Operating Activities		**(1,120,379)**	*741,400*
Returns on Investments and Servicing of Finance	23	**(84,821)**	*(9,818)*
Taxation		**(380,977)**	*(242,359)*
Capital Expenditure and Financial Investment	23	**(424,228)**	*(346,018)*
Equity Dividends Paid		**(307,500)**	*(210,000)*
Cash Outflow Before Use of Liquid Resources and Financing		**(2,317,905)**	*(66,795)*
Financing	23	**(3,469)**	*(8,175)*
Decrease in Cash		**(2,321,374)**	*(74,970)*

Reconciliation of Net Cash Flow to Movement in Net Debt

	Notes	1998 £	1997 £
Decrease in Cash in the Year		**(2,321,374)**	*(74,970)*
Cash Outflow from decrease in net debt and lease financing	24	**3,469**	*15,175*
New finance leases	24	**(26,900)**	-
Increase in Net Debt	24	**(2,344,805)**	*(59,795)*
Net Debt at 1 January 1998		**(215,491)**	*(155,696)*
Net Debt at 31 December 1998	24	**(2,560,296)**	*(215,491)*

FDM GROUP PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1998

	Notes	1998 £
Turnover	2	34,130,536
Cost of Sales		28,717,023
Gross Profit		5,413,513
Administrative Expenses		3,304,486
Operating Profit	3	2,109,027
Interest Receivable		201
Interest Payable and Similar Charges	4	(85,022)
Profit on Ordinary Activities before Taxation		2,024,206
Tax on Profit on Ordinary Activities	6	791,546
Profit for the Financial Year		1,232,660
Dividends	7	307,500
Group Retained Profit for the Year	17	925,160

All amounts relate to continuing activities.

FDM GROUP PLC

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 1998

	Notes		1998
		£	£
Fixed Assets			
Intangible assets	8		103,013
Tangible assets	9		573,417
			676,430
Current Assets			
Debtors	11	6,944,890	
Cash at bank and in hand		233,287	
		7,178,177	
Creditors: Amounts Falling Due Within One Year	12	5,503,061	
Net Current Assets			1,675,116
Total Assets Less Current Liabilities			2,351,546
Creditors: Amounts Falling Due After More Than One Year	13		18,400
Provision for Liabilities and Charges			
Deferred Taxation	15		34,587
			2,298,559
Capital and Reserves			
Share Capital	16		250,000
Profit and Loss account	17		2,048,559
Shareholders' Funds	18		2,298,559

These accounts were approved by the board on 14 June 1999 and signed on its behalf.

B.R. Divett
Director

FDM GROUP PLC

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1998

	Notes	1998 £
Reconciliation of Operating Profit to Net Cash Outflow from Operating Activities		
Operating profit		2,109,027
Depreciation		192,890
Profit on sale of fixed assets		(1,185)
Increase in debtors		(3,921,642)
Increase in creditors		526,105
Net Cash Outflow from Operating Activities		(1,094,805)

CASH FLOW STATEMENT

	Notes	1998 £
Net Cash Outflow from Operating Activities		(1,094,805)
Returns on Investments and Servicing of Finance	23	(84,821)
Taxation		(380,977)
Capital Expenditure and Financial Investment	23	(441,674)
Equity Dividends Paid		(307,500)
Cash Outflow Before Use of Liquid Resources and Financing		(2,309,777)
Financing	23	(3,469)
Decrease in Cash		(2,313,246)

Reconciliation of Net Cash Flow to Movement in Net Debt

	Notes	1998 £
Decrease in Cash in the Year		(2,313,246)
Cash Outflow from decrease in net debt and lease financing	24	3,469
New finance leases	24	(26,900)
Increase in Net Debt	24	(2,336,677)
Net Debt at 1 January 1998		(215,491)
Net Debt at 31 December 1998	24	(2,552,168)

1. Accounting Policies

Basis of Accounting

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

Basis of Consolidation

The consolidated accounts reflect the affairs of FDM Group plc and FDM Group Inc., both of which prepared accounts to 31 December 1998.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates and periods generally applicable are:

Motor Vehicles	25% per annum
Furniture and equipment	25% per annum
Computer equipment	25% per annum

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.

Deferred Taxation

Deferred taxation is provided under the liability method 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 crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Foreign Currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Where exchange differences result from the translation of foreign currency borrowings raised to acquire foreign assets they are taken to reserves and offset against the differences arising from the translation of those assets. All other exchange differences are dealt with through the profit and loss account.

Contribution to Pension Funds

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised 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.

Intangible Fixed Assets

Software licences are capitalised and written off over a period of four years which is considered to be their useful economic life.

2. Turnover

The geographical analysis of turnover is as follows:

	Group	Parent	
	1998	**1998**	*1997*
	£	**£**	*£*
UK	**25,782,639**	**25,782,639**	*14,020,612*
Europe	**8,243,435**	**8,243,435**	*766,456*
US	**104,462**	-	-
	34,130,536	**34,026,074**	*14,787,068*

FDM GROUP PLC

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1998

3. Operating Profit

	Group 1998 £	Parent 1998 £	Parent *1997* £
The operating profit is arrived at after charging or crediting:			
Depreciation of owned assets	**184,406**	**183,976**	*91,022*
Depreciation of assets held under finance leases and hire purchase contracts	**8,484**	**8,484**	*7,363*
Hire of equipment - operating leases	**88,421**	**73,935**	*39,186*
Hire of equipment - operating leases - land and buildings	**59,960**	**53,947**	*40,425*
Auditors' remuneration	**20,790**	**20,790**	*15,815*

4. Interest Payable and Similar Charges

	Group 1998 £	Parent 1998 £	Parent *1997* £
Bank overdrafts and loans repayable within five years, not by instalments	**81,050**	**81,050**	*6,079*
Finance leases and hire purchase contracts	**3,352**	**3,352**	*3,904*
Other interest payable	**620**	**620**	*90*
	85,022	**85,022**	*10,073*

5. Directors and Employees

Staff costs, including directors' remuneration, were as follows:

	Group	Parent	
	1998	1998	*1997*
	£	£	*£*
Wages and salaries	**5,202,253**	**4,977,829**	*2,801,252*
Social security costs	**490,078**	**467,851**	*261,634*
Other pension costs	**500**	**500**	*5,963*
	5,692,831	**5,446,180**	*3,068,849*

The average weekly number of employees, including directors, during the year was as follows:

	Group	Parent	
	1998	1998	*1997*
	£	£	*£*
	Number	Number	*Number*
Programmers	**130**	**127**	*73*
Selling and Distribution	**28**	**26**	*13*
Administration	**43**	**40**	*26*
	201	**193**	*112*

Directors' emoluments

	Group	Parent	
	1998	1998	*1997*
	£	£	*£*
Emoluments	**553,505**	**488,863**	*288,551*
Directors' pension contributions under defined contribution schemes	**500**	**500**	*5,963*
	554,005	**489,363**	*294,514*

The highest paid director received emoluments and benefits as follows:

	Group	Parent	
	1998	1998	*1997*
	£	£	*£*
Emoluments	**184,410**	**184,410**	*126,087*

6. Taxation

	Group	Parent	
	1998	1998	*1997*
	£	£	*£*
Based on the profit for the year			
UK corporation tax at 31% (1997:33%			
and 31% adjusted for marginal relief)	764,484	764,484	*381,333*
Deferred tax charge	24,912	24,912	*9,675*
	789,396	789,396	*391,008*
Prior periods			
UK corporation tax	2,150	2,150	*(25)*
	791,546	791,546	*390,983*

7. Dividends

	Group	Parent	
	1998	1998	*1997*
	£	£	*£*
Ordinary dividends - paid	307,500	307,500	*210,000*

8. Intangible Fixed Assets
Parent & Group

	Software Licences
Cost	£
At 1 January 1998	95,995
Additions	41,216
At 31 December 1998	**137,211**
Amortisation	
At 1 January 1998	5,338
Provided during the year	28,860
At 31 December 1998	**34,198**
Net Book Values	
At 31 December 1998	103,013
At 31 December 1997	*90,657*

9. Tangible Assets

Parent

	Motor Vehicles	Furniture and Equipment	Computer Equipment	Total
	£	£	£	£
Cost				
At 1 January 1998	67,935	54,889	400,368	523,192
Additions	26,900	59,460	327,097	413,457
Disposals	-	-	(3,600)	(3,600)
At 31 December 1998	**94,835**	**114,349**	**723,865**	**933,049**
Depreciation				
At 1 January 1998	41,985	22,001	150,302	214,288
Charge for the year	18,106	5,137	140,357	163,600
Disposals	-	-	(1,239)	(1,239)
At 31 December 1998	**60,091**	**27,138**	**289,420**	**376,649**
Net Book Value				
At 31 December 1998	**34,744**	**87,211**	**434,445**	**556,400**
At 31 December 1997	*25,950*	*32,888*	*250,066*	*308,904*

Assets held under finance leases originally cost £56,350 (1997:£29,500) and have a net book value of £33,143 (1997:£14,727).

9. Tangible Assets (Contd.)

Group

	Motor Vehicles	Furniture and Equipment	Computer Equipment	Total
	£	£	£	£
Cost				
At 1 January 1998	67,935	54,889	400,368	523,192
Additions	26,900	76,907	327,097	430,904
Disposals	-	-	(3,600)	(3,600)
At 31 December 1998	**94,835**	**131,796**	**723,865**	**950,496**
Depreciation				
At 1 January 1998	41,985	22,001	150,302	214,288
Charge for the year	18,106	5,567	140,357	164,030
Disposals	-	-	(1,239)	(1,239)
At 31 December 1998	**60,091**	**27,568**	**289,420**	**377,079**
Net Book Value				
At 31 December 1998	**34,744**	**104,228**	**434,445**	**573,417**

Group assets held under finance leases originally cost £56,350 and have a net book value of £33,143.

10. Fixed Assets Investments

Parent

	Shares in Group Undertakings
	£
Cost	
Additions	1
At 31 December 1998	**1**
Amounts Written Off	-
At 31 December 1998	-
Net Book Value	
At 31 December 1998	**1**

The company owns 100% of the issued share capital of Mountfield Software Limited, an unlisted dormant company registered in Great Britain. During the year, the company acquired 100% of the issued common stock of FDM Group Inc., a company registered in the United States of America. The aggregate capital and deficit of this company at 31 December 1998 was £(370,191) and its loss for the period then ended was £(370,192).

11. Debtors

	Group	Parent	
	1998	1998	*1997*
	£	£	*£*
Trade debtors	**6,805,273**	**6,728,169**	*2,927,242*
Amounts owed by group undertakings	-	**444,209**	-
Other debtors	**24,658**	**10,493**	*13,547*
Prepayments and accrued income	**114,959**	**109,479**	*79,482*
	6,944,890	**7,292,350**	*3,020,271*

12. Creditors: Amounts Falling Due Within One Year

	Group	Parent	
	1998	1998	1997
	£	£	£
Bank loans and overdrafts	2,745,519	2,745,519	204,450
Obligations under hire purchase and finance lease contracts (note 14)	21,536	21,536	16,505
Trade creditors	1,160,599	1,121,199	844,683
Corporation tax	766,906	766,906	381,249
Other taxes and social security	449,693	449,693	337,560
Other creditors	311,002	302,526	210,280
Accruals and deferred income	47,806	47,806	47,495
	5,503,061	5,455,185	2,042,222

The bank overdraft is secured by a fixed and floating charge over all of the parent company's assets.

13. Creditors: Amounts Falling Due After More Than One Year

	Group	Parent	
	1998	1998	1997
	£	£	£
Obligations under hire purchase and finance lease contracts (note 14)	18,400	18,400	-

14. Obligations Under Hire Purchase and Finance Leases

	Group	Parent	
	1998	1998	1997
	£	£	£
Obligations under finance leases and hire purchase contracts are analysed:			
Current obligations	21,536	21,536	16,505
Obligations due between one and five years	18,400	18,400	-
	39,936	39,936	16,505

15. Deferred Taxation

The movements in deferred taxation during the current and previous years are as follows:

	Group	Parent	
	1998	1998	*1997*
	£	£	*£*
At 1 January 1998	9,675	9,675	-
Movement in the year	24,912	24,912	*9,675*
At 31 December 1998	34,587	34,587	*9,675*

Deferred taxation provided for in the accounts is set out below and is calculated using a tax rate of 30% (1997 31%).

		Amount Provided	
	Group	Parent	
	1998	1998	*1997*
	£	£	*£*
Accelerated capital allowances	34,587	34,587	*9,675*

16. Share Capital

	1998	*1997*
	£	*£*
Authorised		
Equity Shares		
1,000,000 Ordinary shares of £1.00 each	1,000,000	*1,000,000*
Allotted		
Equity Shares		
250,000 Allotted, called up and fully paid Ordinary shares of £1.00 each	250,000	*250,000*

17. Reserves

	Group	Parent Profit and Loss Account
	£	£
At 1 January 1997	580,819	580,819
Profit for the year	592,392	592,392
Issue of bonus shares	(49,812)	(49,812)
At 1 January 1998	1,123,399	1,123,399
Profit for the year	925,160	1,295,352
At 31 December 1998	**2,048,559**	**2,418,751**

18. Reconciliation of Shareholders' Funds

	Group		**Parent**
	1998	**1998**	*1997*
	£	**£**	*£*
Profit for the financial year	**1,232,660**	**1,602,852**	*802,392*
Dividends	**(307,500)**	**(307,500)**	*(210,000)*
	925,160	**1,295,352**	*592,392*
Issue of share capital	-	-	*7,000*
Increase in shareholders' funds	**925,160**	**1,295,352**	*599,392*
Opening shareholders' funds	**1,373,399**	**1,373,399**	*774,007*
Closing shareholders' funds	**2,298,559**	**2,668,751**	*1,373,399*

19. Capital Commitments

The company had the following capital commitments:

	Group 1998 £	Parent 1998 £	Parent 1997 £
Contracted for but not provided in the financial statements	92,560	92,560	-

20. Pension Scheme

The company operates a defined contribution pension scheme for the benefit of one director. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The total contributions paid in the year amounted to £500 (1997 £5,963).

21. Operating Lease Commitments

At 31 December 1998 the company had annual commitments under non-cancellable operating leases as set out below:

	Group		Parent		Parent	
	Land and Buildings	Other	Land and buildings		Other	
	1998	1998	1998	1997	1998	1997
	£	£	£	£	£	£
Operating leases which expire:						
Within one year	4,500	5,455	4,500	4,500	2,503	7,657
Between two and five years	39,182	37,405	15,850	15,850	37,405	20,151
After five years	117,000	-	117,000	32,546	-	-
	160,682	42,860	137,350	52,896	39,908	27,808

22. Related Parties

The company is controlled by the directors B.R. Divett, R.N. Flavell and J.J. Spouse by virtue of their shareholdings.

During the year, the company sponsored Saltdean United Football Club Limited, a company of which R.N. Flavell is a director, at a cost of £15,000.

23. Gross Cash Flows

	Group 1998 £	Parent 1998 £	Parent *1997* £
Returns on Investments and Servicing of Finance			
Interest received	**201**	**201**	*255*
Interest paid	**(81,670)**	**(81,670)**	*(6,169)*
Interest element of finance lease rentals payment	**(3,352)**	**(3,352)**	*(3,904)*
Net cash outflow for returns on investments and servicing of finance	**(84,821)**	**(84,821)**	*(9,818)*
Capital Expenditure and Financial Investment			
Payments to acquire intangible fixed assets	**(41,216)**	**(41,216)**	*(95,995)*
Payments to acquire tangible fixed assets	**(404,004)**	**(386,557)**	*(250,023)*
Proceeds from the sale of fixed assets	**3,546**	**3,546**	-
Purchase of investments	-	**(1)**	-
Net cash outflow from investing activities	**(441,674)**	**(424,228)**	*(346,018)*
Financing			
Issue of ordinary share capital	-	-	*7,000*
Capital element of finance lease rental payments	**(3,469)**	**(3,469)**	*(15,175)*
Net cash outflow for financing	**(3,469)**	**(3,469)**	*(8,175)*

24. Analysis of Changes in Net Debt

Parent

	1997	Cash Flows	Non-cash Changes	1998
	£	£	£	£
Cash at bank and in hand	5,464	219,695	-	225,159
Overdrafts	(204,450)	(2,541,069)	-	(2,745,519)
	(198,986)	(2,321,374)	-	(2,520,360)
Finance leases	(16,505)	3,469	(26,900)	(39,936)
	(215,491)	**(2,317,905)**	(26,900)	(2,560,296)

Group

	1997	Cash Flows	Non-cash Changes	1998
Cash at bank and in hand	5,464	227,823	-	233,287
Overdrafts	(204,450)	(2,541,069)	-	(2,745,519)
	(198,986)	(2,313,246)	-	(2,512,232)
Finance leases	(16,505)	3,469	(26,900)	(39,936)
	(215,491)	**(2,309,777)**	(26,900)	(2,552,168)