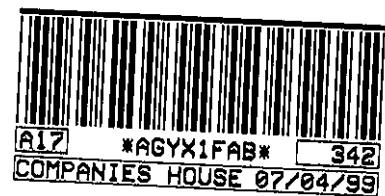


**LOVEDEN HOLDINGS LIMITED**

**Report and Financial Statements**

**31 July 1998**

**Deloitte & Touche**  
1 Woodborough Road  
Nottingham  
NG1 3FG



COMPANIES HOUSE 26/03/99

**REPORT AND FINANCIAL STATEMENTS  
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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

N D S Brown  
P F S Brown  
J R C Harris (resigned 24 November 1997)

**SECRETARY**

K J Matthews (resigned 23 June 1998)  
N J Penistan (appointed 23 June 1998)

**REGISTERED OFFICE**

Loveden Holdings Limited  
Brook House  
42 Manor Street  
Ruskington  
Sleaford  
Lincs  
NG34 9EP

**BANKERS**

Midland Bank Plc  
26 Market Place  
Sleaford  
Lincs  
NG34 7SB

**SOLICITORS**

Mossop & Bowser  
10 Spalding Road  
Holbeach  
Lincs  
PE12 7LP

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
1 Woodborough Road  
Nottingham  
NG1 3FG

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 July 1998.

### **ACTIVITIES**

The group is involved in farming.

### **REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

The company continues to seek additional farm land for its subsidiary, Loveden Estates Limited to farm. To date, a number of offers have been made but have proved to be unsuccessful.

### **YEAR 2000**

The directors confirm that their computer programmes have been upgraded and are millennium compatible.

### **RESULTS AND DIVIDENDS**

The group's trading profit for the year after taxation was £523,000 compared to £2,768,000 for the year ended 31 July 1998. No dividends were paid in the year (1997 - £7,575,000 paid, £1,832,000 in Specie).

### **DIRECTORS AND THEIR INTERESTS**

The directors of the company during the year and their interests in the ordinary shares of the company during the year were as follows:

	<b>'B' ordinary shares</b>	
	<b>At 31 July 1998</b>	<b>At 31 July 1997</b>
N D S Brown and P F S Brown (non-beneficial)	38,366	39,109
N D S Brown	4,850	5,608
P F S Brown	20,097	20,172
J R C Harris (resigned 24 November 1997)	-	3,000

Beneficial interests include those of spouses and infant children. The directors do not have any shareholding in the share capital of the subsidiary undertaking.

### **PURCHASE OF OWN SHARES**

During the year, the company bought back 5,365 £1 shares representing 7% of the called up share capital. The total consideration paid was £1,073,000 (£200 per share) to buy out non-family shareholders.

### **BUILDINGS**

The directors are of the opinion that the market value of the land and buildings is in excess of the net book value, but in the absence of a recent valuation, the amount of the excess is not qualified.

## **DIRECTORS' REPORT**

### **DIRECTORS' STATEMENT OF 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 the group as at the end of the financial year and of the profit or loss of the group 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

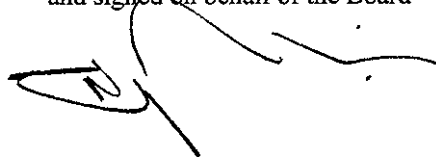
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of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

### **AUDITORS**

KPMG retired as auditors on 20 February 1998 and Deloitte & Touche were appointed auditors on the same date.

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



N J PENISTAN

Secretary

12 November 1998



## AUDITORS' REPORT TO THE MEMBERS OF

### LOVEDEN HOLDINGS LIMITED

We have audited the financial statements on pages 5 to 18 which have been prepared under the accounting policies set out on page 9.

#### Respective responsibilities of directors and auditors

As described on page 3 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 and the group'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 affairs of the company and of the group at 31 July 1998 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and  
Registered Auditors

19 November 1998


**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**Year ended 31 July 1998**

	Note	1998 £'000	1997 £'000
<b>TURNOVER</b>			
Continuing operations	2	2,941	3,319
Discontinued operations		-	29,847
<b>Total turnover</b>		<u>2,941</u>	<u>33,166</u>
Cost of sales		<u>(2,323)</u>	<u>(27,684)</u>
Gross profit		<u>618</u>	<u>5,482</u>
Distribution costs		-	(988)
Administrative expenses		(291)	(998)
Other operating income		38	-
		<u>(253)</u>	<u>(1,986)</u>
<b>OPERATING PROFIT</b>			
Continuing operations		365	741
Discontinued operations		-	2,755
		<u>365</u>	<u>3,496</u>
Income from other fixed asset investments	3	57	78
Interest receivable and similar income		<u>351</u>	<u>478</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>773</u>	<u>4,052</u>
Tax on profit on ordinary activities	6	<u>(250)</u>	<u>(1,284)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR</b>		<u>523</u>	<u>2,768</u>
Dividends	7		
Paid		-	(7,575)
In specie		-	(1,832)
<b>Retained profit for the financial year transferred to reserves</b>	16	<u><u>523</u></u>	<u><u>(6,639)</u></u>

There are no recognised gains or losses for the current or preceding financial year other than as stated above.

**CONSOLIDATED BALANCE SHEET**  
**31 July 1998**

	Note	1998 £'000	1997 £'000
<b>FIXED ASSETS</b>			
Tangible assets	9	9,423	9,584
Investments	10	400	400
		<u>9,823</u>	<u>9,984</u>
<b>CURRENT ASSETS</b>			
Stocks	11	1,071	1,270
Debtors	12	345	285
Cash at bank and in hand		4,563	5,356
		<u>5,979</u>	<u>6,911</u>
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(383)</u>	<u>(930)</u>
<b>NET CURRENT ASSETS</b>		<u>5,596</u>	<u>5,981</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		15,419	15,965
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14	<u>(44)</u>	<u>(40)</u>
		<u>15,375</u>	<u>15,925</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	71	76
Share premium account		7	7
Revaluation reserve	16	-	22
Capital redemption reserve	16,17	129	124
Profit and loss account	16	15,168	15,696
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	18	<u>15,375</u>	<u>15,925</u>

These financial statements were approved by the Board of Directors on 12 November 1998.

Signed on behalf of the Board of Directors

N D S BROWN



P F S BROWN

Directors






**COMPANY BALANCE SHEET**
**31 July 1998**

	Note	£	1998 £	£	1997 £
<b>FIXED ASSETS</b>					
Tangible assets	9		8,714		8,714
Investments	10		400		400
			<u>9,114</u>		<u>9,114</u>
<b>CURRENT ASSETS</b>					
Debtors	12	309		105	
Cash at bank and in hand		4,019		5,356	
		<u>4,328</u>		<u>5,461</u>	
<b>CREDITORS: amounts falling due within one year</b>					
	13	(28)		(298)	
<b>NET CURRENT ASSETS</b>			<u>4,300</u>		<u>5,163</u>
<b>NET ASSETS</b>			<u>13,414</u>		<u>14,277</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		71		76
Share premium account			7		7
Capital redemption reserve	16,17		129		124
Profit and loss account	16		13,207		14,070
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	18		<u>13,414</u>		<u>14,277</u>

These financial statements were approved by the Board of Directors on 12 November 1998.

Signed on behalf of the Board of Directors

N D S BROWN

P F S BROWN

Directors


**CONSOLIDATED CASH FLOW STATEMENT**
**Year ended 31 July 1998**

	Note	£	1998 £	£	1997 £
<b>Net cash inflow from operating activities</b>	22		777		17,980
<b>Returns on investments and servicing of finance</b>					
Interest received		351		478	
Dividends received		46		78	
<b>Net cash inflow from returns on investments and servicing of finance</b>			397		556
<b>Taxation</b>					
Corporation tax paid (including advance corporation tax)		(751)		(1,243)	
<b>Tax paid</b>			(751)		(1,243)
<b>Capital expenditure and financial investment</b>					
Payments to acquire tangible fixed assets		(96)		(863)	
Receipts from sales of tangible fixed assets		35		99	
<b>Net cash outflow from capital expenditure</b>			(61)		(764)
<b>Acquisitions and disposals</b>					
Cash transferred from demerger			-		(5,175)
<b>Equity dividends paid</b>			-		(7,575)
<b>Net cash inflow before financing</b>			362		3,779
<b>Financing</b>					
Purchase of own shares			(1,073)		-
<b>(Decrease)/increase in cash</b>	23,24		(711)		3,779

**NOTES TO THE ACCOUNTS****Year ended 31 July 1998****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of Loveden Holdings Limited and its subsidiary company for the year ended 31 July 1998. A separate profit and loss account dealing with the results of the holding company has not been presented in accordance with Section 230 of the Companies Act 1985.

**Tangible fixed assets**

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Buildings	5% per annum straight line
Motor vehicles (year of acquisition)	36% per annum straight line
Motor vehicles (second and subsequent years)	24% per annum straight line
All other tangible fixed assets	5-25% per annum straight line

**Investments**

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

**Stocks and work in progress**

Stocks are stated at the lower of cost and net realisable value. Costs of cultivations include overheads appropriate to the stage of cultivation.

**Deferred taxation**

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

**Operating leases**

Annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

**Recognition of area aid income**

Area aid income, including set-aside, is recognised in the profit and loss account when the underlying crops are sold. For crops harvested but unsold at the year end date, the relevant area aid and set-aside is treated as deferred income on the balance sheet.

**2. TURNOVER**

Turnover represents the invoice amount of goods sold and services provided exclusive of value added tax and has been made wholly in respect of the principal activity of the group. The turnover and pre-tax profit, all of which arises in the United Kingdom, is attributable to the company's principal activity.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 July 1998**

**3. INCOME FROM OTHER FIXED ASSET INVESTMENTS**

	<b>1998</b>	<b>1997</b>
	<b>£'000</b>	<b>£'000</b>
<b>Listed investments</b>		
Dividends received	<u>57</u>	<u>78</u>

**4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	<b>1998</b>	<b>1997</b>
	<b>£'000</b>	<b>£'000</b>
<b>Directors' remuneration</b>		
Emoluments (excluding pension contributions)	<u>-</u>	<u>250</u>

No directors are members of a pension scheme funded by the company.

	<b>No</b>	<b>No</b>
<b>Average number of persons employed</b>		
Production	17	17
Sales and distribution	-	68
Administration	4	61
	<u>21</u>	<u>146</u>

	<b>£'000</b>	<b>£'000</b>
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	354	4,098
Social security costs	34	302
Pension costs	-	47
	<u>388</u>	<u>4,447</u>

The aggregate of emoluments paid to the highest paid director was £Nil (1997 - £125,000)

**NOTES TO THE ACCOUNTS**  
**Year ended 31 July 1998**

**5. OPERATING PROFIT**

	1998 £'000	1997 £'000
<b>Operating profit is after charging:</b>		
Management services	75	-
Depreciation		
Owned assets	243	451
Rentals under operating leases		
Hire of plant and machinery	205	460
Hire of land	78	73
Auditors' remuneration		
For audit services to the group	10	24
For audit services to the company	2	3
For other services	3	37
	<u>          </u>	<u>          </u>
And after crediting:		
Rents receivable	(24)	(64)
	<u>          </u>	<u>          </u>

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

United Kingdom corporation tax at 31% (1997 - 32.3%) based on the profit for the year	213	1,290
Deferred taxation	4	4
Tax on franked investment income	11	-
	<u>          </u>	<u>          </u>
	228	1,294
Adjustments to prior years' tax provisions		
Corporation tax under/(over)provision	3	(10)
Tax on franked investment income	19	-
	<u>          </u>	<u>          </u>
	250	1,284
	<u>          </u>	<u>          </u>

**7. DIVIDENDS**

Dividends paid £Nil per share (1997 - £100 per share)	-	7,575
Dividends in Specie	-	1,832
	<u>          </u>	<u>          </u>
	-	9,407
	<u>          </u>	<u>          </u>

**8. PROFIT OF PARENT COMPANY**

As permitted by Section 230 of the Companies Act, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit for the financial year amounted to £210,000 (1997 - £6,368,000).


**NOTES TO THE ACCOUNTS**  
**Year ended 31 July 1998**
**9. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Freehold land and buildings £'000</b>	<b>Plant And machinery £'000</b>	<b>Motor vehicles £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>				
At 1 August 1997	8,929	1,054	105	10,088
Additions	-	96	-	96
Disposals	-	(26)	(54)	(80)
At 31 July 1998	8,929	1,124	51	10,104
<b>Depreciation</b>				
At 1 August 1997	6	436	62	504
Charge for the year	13	211	19	243
Disposals	-	(17)	(49)	(66)
At 31 July 1998	19	630	32	681
<b>Net book value</b>				
At 31 July 1998	8,910	494	19	9,423
At 31 July 1997	8,923	618	43	9,584
<b>Company</b>				
				<b>Freehold land and buildings £'000</b>
<b>Cost</b>				
At 1 August 1997 and 31 July 1998				8,714
<b>Depreciation</b>				
At 1 August 1997 and 31 July 1998				-
<b>Net book value</b>				
At 31 July 1998				8,714
At 31 July 1997				8,714

**NOTES TO THE ACCOUNTS**

**Year ended 31 July 1998**

**10. INVESTMENTS**

	1998 £'000	1997 £'000
<b>Group and company</b>		
Shares listed on the London Stock Exchange	400	400
	<u>£</u>	<u>£</u>
<b>Company – shares in subsidiary undertaking:</b>		
At 31 August 1997 and 31 July 1998	2	2
	<u>£</u>	<u>£</u>

**Shares on listed London Stock Exchange**

The investment consists of 20.52% (1997 – 20.52%) of the ordinary share capital of Sentry Farming Group plc. The company is incorporated in Great Britain and registered in England and Wales and its principal activities are farming and farm management.

The directors consider the investment to be of long term nature and in 1992 it was written down to a value of £400,000. The market value at 31 July 1998 was £845,784 (1997 - £1,345,563). However, in view of the volatile nature of the company's share price, the investment has not been revalued during the year.

Sentry Farming Group plc achieved a profit after tax of £65,000 for the year ended 31 December 1997 and had equity shareholders' funds of £5,874,000. The directors consider that the group's share of the results of Sentry Farming Group plc is not material in relation to the groups' financial statements.

**Subsidiary undertaking:**

The investment consists of 100% (1997 – 100%) of the ordinary share capital of Loveden Estates Limited. The company is incorporated in Great Britain and registered in England and Wales and its principal activity is farming.

The subsidiary has been included in the consolidation.

**11. STOCKS**

	Group 1998 £'000	1997 £'000
Raw materials and consumables	29	23
Growing crops and work in progress	1,042	1,247
	<u>1,071</u>	<u>1,270</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 July 1998**

**12. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	<b>1998</b>	<b>1997</b>	<b>1998</b>	<b>1997</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade debtors	80	148	-	-
Amounts owed by group undertakings	-	-	91	68
Other debtors	265	137	218	37
	<u>345</u>	<u>285</u>	<u>309</u>	<u>105</u>

All debtors are due within one year.

**13. CREDITORS**

	<b>Group</b>		<b>Company</b>	
	<b>1998</b>	<b>1997</b>	<b>1998</b>	<b>1997</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank overdraft	-	82	-	-
Trade creditors	132	175	-	-
Corporation tax	167	513	25	287
Other tax and social security	14	14	-	1
Other creditors	-	-	-	5
Accruals and deferred income	70	146	3	5
	<u>383</u>	<u>930</u>	<u>28</u>	<u>298</u>

**14. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Group</b>	
	<b>1998</b>	<b>1997</b>
	<b>£'000</b>	<b>£'000</b>
<b>Deferred taxation</b>		
Balance at 1 August 1997	40	36
Provision - current year	4	4
Balance at 31 July 1998	<u>44</u>	<u>40</u>

The amounts provided in the accounts and the amounts not provided are as follows:

	<b>Provided</b>	<b>Provided</b>	<b>Not</b>	<b>Not</b>
	<b>31 July</b>	<b>31 July</b>	<b>Provided</b>	<b>provided</b>
	<b>1998</b>	<b>1997</b>	<b>31 July</b>	<b>31 July</b>
	<b>£'000</b>	<b>£'000</b>	<b>1998</b>	<b>1997</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital allowances in advance of depreciation	44	40	-	-
Taxation on valuation surplus	-	-	-	3
	<u>44</u>	<u>40</u>	<u>-</u>	<u>3</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 July 1998**

**15. CALLED UP SHARE CAPITAL**

	1998 £	1997 £
Authorised 200,000 'B' ordinary shares of £1 each	200,000	200,000
Allotted and fully paid 'B' ordinary shares of £1 each	70,389	75,754
Purchase of own shares Purchase of own shares	(5,365)	-

**16. STATEMENT OF MOVEMENTS ON RESERVES**

	Revaluation reserve £'000	Capital redemption reserve £'000	Profit and loss account £'000
<b>THE GROUP</b>			
At 1 August 1997	22	124	15,696
Profit for the year	-	-	523
Capital redemption	-	5	(5)
Premium on redemption of shares	-	-	(1,068)
Revaluation reserve	(22)	-	22
At 31 July 1998	-	129	15,168
<b>THE COMPANY</b>			
At 1 August 1997	-	124	14,070
Profit for the year	-	-	210
Capital redemption	-	5	(5)
Premium on redemption reserves	-	-	(1,068)
At 31 July 1998	-	129	13,207

**17. CAPITAL REDEMPTION RESERVE**

The capital redemption reserve was created when the company purchased 102,030 of its own shares in 1988, 22,216 in 1992 and a further 5,365 in 1998.


**NOTES TO THE ACCOUNTS**
**Year ended 31 July 1998**
**18. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS**

	<b>Group</b>		<b>Company</b>	
	<b>1998</b>	<b>1997</b>	<b>1998</b>	<b>1997</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Profit for the financial period	523	2,768	210	6,368
Dividends	-	(9,407)	-	(9,407)
	<u>523</u>	<u>(6,639)</u>	<u>210</u>	<u>(3,039)</u>
Capital redeemed	(1,073)	-	(1,073)	-
	<u>(550)</u>	<u>(6,639)</u>	<u>(863)</u>	<u>(3,039)</u>
Net reduction in shareholders' funds	(550)	(6,639)	(863)	(3,039)
Opening shareholders' funds	15,925	22,564	14,277	17,316
Closing shareholders' funds	<u>15,375</u>	<u>15,925</u>	<u>13,414</u>	<u>14,277</u>

**19. RELATED PARTY TRANSACTIONS**

The company made the following transactions on an arms length basis with companies under common control and companies in which it had a shareholding investment.

	<b>1998</b>	<b>1997</b>
	<b>£'000</b>	<b>£'000</b>
Sales		
Sentry Farming Group PLC	<u>10</u>	<u>19</u>
Purchases		
Brown Butlin Group Limited	507	569
Sentry Farming Group PLC	<u>-</u>	<u>61</u>
Management charge		
Brown Butlin Group Limited	<u>75</u>	<u>-</u>

At the year end, the balances outstanding due to companies under common control and companies in which it had a shareholding investment were:

Brown Butlin Group Limited	(31)	35
Sentry Farming Group PLC	<u>(2)</u>	<u>2</u>

Mr P F S Brown is a partner in the firm of Mossop & Bowser, solicitors of Loveden Holdings Limited, which carried out legal work during the year on behalf of the company to the value of £6,000.


**NOTES TO THE ACCOUNTS**
**Year ended 31 July 1998**
**20. OPERATING LEASE COMMITMENTS – GROUP**

At 31 July 1998, the company was committed to making the following payments during the next year in respect of operating leases.

	Land and buildings 1998 £'000	Other 1998 £'000
Leases which expire:		
Within one year	46	32
Within 2 to 5 years	32	66
	<u>78</u>	<u>98</u>

**21. CAPITAL COMMITMENTS**

	1998 £'000	1997 £'000
Capital expenditure contracted for but not provided in the accounts	<u>32</u>	<u>-</u>

**22. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/OUTFLOW FROM OPERATING ACTIVITIES**

	1998 £'000	1997 £'000
Operating profit	365	3,496
Depreciation	243	451
Profit on sale of tangible fixed assets	(21)	(64)
Decrease/(increase) in stocks	199	(1,536)
Decrease in debtors	110	9,685
(Increase)/decrease in creditors	(119)	5,948
<b>Net cash inflow from operating activities</b>	<u>777</u>	<u>17,980</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 July 1998**

**23. ANALYSIS OF NET FUNDS**

	At 1 August 1997 £'000	Cash Flow £'000	At 31 July 1998 £'000
Cash in hand and at bank	5,356	(793)	4,563
Overdrafts	(82)	82	-
<b>Total</b>	<b>5,274</b>	<b>(711)</b>	<b>4,563</b>

**24. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	1998 £'000	1998 £'000	1997 £'000	1997 £'000
(Decrease)/increase in cash in the period	(711)		3,779	
		(711)		3,779
<b>Movement in net funds in the period</b>		<b>(711)</b>		<b>3,779</b>
<b>Net funds at start of year</b>		<b>5,274</b>		<b>1,495</b>
<b>Net funds at end of year</b>		<b>4,563</b>		<b>5,274</b>