

MERCIA HEALTHCARE (HOLDINGS) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2002



(Registered number 03693526)

MERCIA HEALTHCARE (HOLDINGS) LIMITED

DIRECTORS' REPORT

Year ended 31st March 2002

The Directors submit their report and the audited financial statements of the Company and Group for the year ended 31st March 2002.

Principal Activity and Business Review

The Company is a holding company with a single subsidiary, Mercia Healthcare Limited (MHL).

MHL is engaged in a 30-year contract with Hereford Hospitals NHS Trust in the design and construction of an Acute Care Facility, and in the provision of certain non-clinical support services at the Hereford County Hospital.

The profit generated in the year under review as set out in the consolidated profit and loss account on page 4 relates to the activities undertaken in respect of this project.

Dividends and transfers to reserves

No dividend is proposed. The amount transferred to reserves is set out in the consolidated profit and loss account on page 4.

The costs incurred in respect of bid development, design and construction prior to the occupational availability of the facility have been accumulated within a finance receivable as the costs are to be recovered over the contract period.

In the previous period, the accounting policy in respect of the finance receivable was that no income was to be recognised thereon until the construction phase was completed. This has been changed in the current year in that finance income has been recognised, although the amount recognised has been restricted so as to prudently reflect the uncertainty faced at this stage of the contract. The accounting policy has been changed because the directors consider that the new policy gives a fairer presentation of the company's results.

The accounting policy in respect of deferred taxation has also been changed to reflect the implementation of FRS 19: Deferred Taxation.

Directors

The following Directors served during the period under review:

P Aitchison
G Pigache
R McGlynn
S Kibblewhite

Directors' interests in shares

The Directors have no interest in the share capital of the Company according to the Register maintained by the Company under Section 325 of the Companies Act 1985.

MERCIA HEALTHCARE (HOLDINGS) LIMITED

DIRECTORS' REPORT (continued)

Year ended 31st March 2002

Auditors

The Auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution to re-appoint PricewaterhouseCoopers will be proposed at the next Annual General Meeting.

Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and Group 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 and 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 Company and the Group and to enable them to ensure that the financial statements comply with Companies Act 1985. 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.

By Order of the Board



G Pigache - Director
9 October 2002

MERCIA HEALTHCARE (HOLDINGS) LIMITED

Independent auditors' report to the members of Mercia Healthcare (Holdings) Limited

We have audited the financial statements set out on pages 4 to 19 which have been prepared under the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

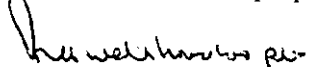
Basis of audit opinion

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 the group as at 31 March 2002 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
Manchester
9 October 2002

MERCIA HEALTHCARE (HOLDINGS) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31st March 2002

	Notes	2002 £'000	2001 (Restated) £'000
Turnover		4,849	5,127
Cost of sales		<u>(4,380)</u>	<u>(4,338)</u>
Gross Profit		469	789
Administrative expenses		<u>(635)</u>	<u>(559)</u>
Operating (loss)/profit	2	(166)	230
Interest payable and similar charges	3	(4,653)	(3,265)
Interest receivable and similar income	3	<u>4,653</u>	<u>3,265</u>
(Loss)/profit on ordinary activities before taxation		<u>(166)</u>	<u>230</u>
Taxation	4	<u>915</u>	<u>(70)</u>
Profit on ordinary activities after taxation for the year		<u>749</u>	<u>160</u>

The profit for the year under review relates solely to continuing activities in a single class of business within the United Kingdom.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

		2002 £'000	2001 (Restated) £'000
Profit for the year		<u>749</u>	<u>160</u>
Total recognised profit for the year		749	<u>160</u>
Prior year adjustments	12	<u>4,841</u>	
Total recognised gains since last annual report and accounts		<u>5,590</u>	

MERCIA HEALTHCARE (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF RESERVES

Year ended 31st March 2002

		2002	2001
		£'000	£'000
Accumulated loss bought forward – as previously stated		(4,610)	(1,632)
Prior year adjustment on implementation of FRS 19	12	(19)	51
Prior year adjustment relating to finance income recognition	12	<u>4,860</u>	<u>1,652</u>
Restated accumulated profit bought forward		231	71
Retained profit for the year		<u>749</u>	<u>160</u>
Accumulated profit as at 31 st March 2002		<u>980</u>	<u>231</u>

The notes on pages 9 to 19 form part of the financial statements.

MERCIA HEALTHCARE (HOLDINGS) LIMITED

CONSOLIDATED BALANCE SHEET

31st March 2002

	Notes	2002 £'000	2001 (Restated) £'000
Current Assets:			
Debtors:	6		
-falling due within one year		608	467
-falling due after more than one year		69,048	52,732
Cash at bank and in hand		<u>1,945</u>	<u>612</u>
Total Current Assets		71,601	53,811
 Creditors: Amounts falling due within one year	7	<u>(12,137)</u>	<u>(3,129)</u>
 Net Current Assets		59,464	50,682
 Creditors: Amounts falling due after more than one year	8	(58,483)	(50,431)
Provisions	9	-	(19)
 Net Assets		<u>981</u>	<u>232</u>
Capital and Reserves:			
Share capital	10	1	1
Profit and loss account		<u>980</u>	<u>231</u>
Total Equity Shareholders' Funds	11	<u>981</u>	<u>232</u>

G Pigache – Director



Approved by the Board on 9 October 2002

The notes on pages 9 to 19 form part of the financial statements.


MERCIA HEALTHCARE (HOLDINGS) LIMITED

COMPANY BALANCE SHEET

31st March 2002

	Notes	2002 £'000	2001 £'000
Fixed Assets:	5		
Investment in subsidiary at cost		<u>1</u>	<u>1</u>
Net Assets		<u><u>1</u></u>	<u><u>1</u></u>
Capital and Reserves:			
Share capital	10	1	1
Profit and loss account		<u>-</u>	<u>-</u>
Total Equity Shareholders' Funds	11	<u><u>1</u></u>	<u><u>1</u></u>

G Pigache – Director


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Approved by the Board on 9 October 2002

The notes on pages 9 to 19 form part of the financial statements.

MERCIA HEALTHCARE (HOLDINGS) LIMITED

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31st March 2002

	NOTE	2002 £'000	2001 £'000
Net cash outflow from operating activities	16	(11,406)	(20,038)
Returns on investment and servicing of finance	17	(4,200)	(2,850)
Taxation received		864	-
Financing	18	<u>16,075</u>	<u>22,807</u>
Increase/(Decrease) in cash in the period		<u>1,333</u>	<u>(81)</u>
Reconciliation of net cash flow to movement in net debt			
Increase /(Decrease) in cash in the period		1,333	(81)
New bank loans		<u>(16,075)</u>	<u>(22,807)</u>
Change in net debt resulting from cash flows	18	(14,742)	(22,888)
Non cash movement	18	(418)	(359)
Net debt at 31 st March 2001	18	<u>(48,017)</u>	<u>(24,770)</u>
Net debt at 31st March 2002	18	<u>(63,177)</u>	<u>(48,017)</u>

MERCIA HEALTHCARE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st March 2002

1) Accounting Policies

A summary of the principal accounting policies of the Group is set out below:

I. Basis of Preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK Financial Reporting Standards. They include the results of the activities described in the Directors' Report, all of which are continuing. The consolidated profit and loss account, balance sheet and cashflow statement include the financial statements of the company and its subsidiary. The accounting policies are consistent with those applied last year other than in respect of deferred taxation and the finance receivable, as set out below.

II. Turnover and cost of sales

Turnover represents amounts due from Hereford Hospitals NHS Trust 'the Trust' in respect of the activities described in the Directors' Report. All turnover originates in the United Kingdom and is stated exclusive of value added tax.

Cost of sales represents amounts invoiced in respect of services by certain of the related parties.

III. Taxation

Corporation tax is provided on taxable profits at the applicable rate. FRS 19: Deferred taxation, which has been adopted this year, requires full provision to be made for deferred tax arising from timing differences between the recognition of gains and losses in the financial statements and their inclusion in tax computations. The prior year's figures have been restated to comply with the standard (see note 12).

IV. Finance receivable

The costs incurred in respect of bid development, design and construction during the period prior to availability of the Acute Facilities are recovered over the contract period. Accordingly these costs are accumulated within the finance receivable as incurred.

In the previous period, the accounting policy in respect of the finance receivable was that no income was to be recognised thereon until the construction phase was completed. This has been changed in the current year in that finance income has been recognised so as to generate a constant rate of return over the contract period, although the amount has been restricted during construction to reflect the uncertainty faced at this stage of the contract. The accounting policy has been changed because the directors consider that the new policy gives a fairer presentation of the group's results.

MERCIA HEALTHCARE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31st March 2002

Once the construction is complete, occupational availability payments from Hereford Hospital NHS Trust will be allocated between turnover in relation to the service element of the contract, reimbursement of the finance receivable and finance income on the finance receivable so as to generate a constant rate of return over the contract period.

V. Loan issue costs

Arrangement fees and certain costs directly relating to the facilities have been offset against the related loans and are being amortised over the duration of each respective swap as part of the finance cost, in accordance with FRS 4.

2) Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	Company	Group	Company	Group
	£'000	£'000	£'000	£'000
	2002	2002	2001	2001
Auditors' remuneration	-	8	-	8
The Auditors also received remuneration for other services to the Group totalling £24,000 (2001 £37,000) during the period under review. The Directors received fees of £80,000 (2001 £40,000); no other salary, fees or other benefits were received in the performance of their duties. The Company and the Group had no employees throughout the period under review. Management and administrative staffing resources are provided by secondee staff that are employed by certain related parties (see Note 14). The employment costs relating to the secondees and directors are recharged to MHL.				

3) Interest

	2002	2001
	£'000	£'000
Interest payable and similar charges	<u>(4,653)</u>	<u>(3,265)</u>
Interest receivable	35	57
Finance income	<u>4,618</u>	<u>3,208</u>
Interest receivable and similar charges	<u>4,653</u>	<u>3,265</u>

Interest payable and similar charges of £4,653,000 (2001 £3,265,000) relates to interest charges and commitment fees with respect to the bank borrowings of £3,626,000 (2001 £3,088,000); plus £609,000 interest payable (2001 less £182,000 interest receivable) as a result of the operation of interest rate swap arrangements; plus the amortisation of loan issue costs in accordance with FRS 4 of £418,000 (2001 £359,000).

MERCIA HEALTHCARE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31st March 2002

4) Taxation

	2002 £'000	2001 (Restated) £'000
Corporation tax at 30%	-	-
Corporation tax – Prior year	<u>(864)</u>	<u>-</u>
Current tax credit for the period	(864)	-
Deferred tax (Note 9)	<u>(51)</u>	<u>70</u>
Profit and loss account tax (credit)/charge	<u>(915)</u>	<u>70</u>

The corporation tax prior year credit relates to payments received in respect of consortium relief surrendered.

	2002 £'000	2001 (Restated) £'000
(Loss)/profit on ordinary activities before tax	<u>(166)</u>	<u>230</u>
Tax on loss on ordinary activities at 30%	(50)	69
Effects of:		
Expenses not deductible for tax purposes	(1)	1
Prior year adjustments to corporation tax	(864)	-
Accelerated capital allowances and other timing differences	51	(70)
Current tax credit for the period	<u>(864)</u>	<u>-</u>

5) Investments

	2002 £'000	2001 £'000
Company investment in subsidiary undertaking at cost	1	1

The Company holds 100% of the ordinary share capital in Mercia Healthcare Limited a company incorporated in England, which is engaged in a 30 year contract with Hereford Hospitals NHS Trust in the design and construction of an Acute Care Facility, and in the provision of certain non-clinical support services at Hereford County Hospital.

MERCIA HEALTHCARE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31st March 2002

6) Debtors

	Group 2002 £'000	Group 2001 (Restated) £'000
Amounts falling due within one year:		
Trade debtors	512	74
Tax and social security	96	393
	<u>608</u>	<u>467</u>
Amounts falling due after more than one year:		
Finance receivable	69,016	52,732
Deferred tax asset (Note 9)	32	-
	<u>69,048</u>	<u>52,732</u>
Finance receivable		
Balance at 1 April	52,732	28,208
Additions	11,666	21,316
Finance income recognised	4,618	3,208
Balance at 31 March	<u>69,016</u>	<u>52,732</u>

7) Creditors: Amounts falling due within one year

	2002 £'000	2001 £'000
Trade creditors	(2,814)	(2,771)
Construction retentions	(1,591)	-
Accruals	(385)	(358)
Bank loans	(7,347)	-
	<u>(12,137)</u>	<u>(3,129)</u>

8) Creditors: Amounts falling due after more than one year

	Group 2002 £'000	Group 2001 £'000
Amounts owed to related parties	(708)	(558)
Construction retentions	-	(1,244)
Bank loans	(57,775)	(48,629)
	<u>(58,483)</u>	<u>(50,431)</u>

MERCIA HEALTHCARE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31st March 2002

Construction retentions represent those amounts that will be paid to Alfred McAlpine Special Projects/Haden Young following the completion of design and construction work and, subject to certain restrictions, will be paid in full by March 2003.

Bank loans represent amounts borrowed under two Facilities Agreements, a Term Loan Facility and a Shareholder Credit Facility. The principal terms and conditions relating to both facilities are summarised below.

	Group 2002 Term loan	Group 2002 Shareholder Credit Facility	Group 2001 Term Loan	Group 2001 Shareholder Credit Facility
	£'000	£'000	£'000	£'000
Repayable within one year	-	7,347	-	-
Repayable between one and two years	6,005	-	-	5,619
Repayable between two and five years	3,870	-	5,652	-
Repayable after five years	49,937	-	39,813	-
Total loans outstanding	59,812	7,347	45,465	5,619
Loan issue costs	(2,037)	-	(2,329)	(126)
Total	<u>57,775</u>	<u>7,347</u>	<u>43,136</u>	<u>5,493</u>

Term Loan Facility

The tenure of the Term Loan is 25 years and it is repayable in 43 semi-annual installments commencing on 16th April 2003. Interest charged on amounts drawn under the facility is based on the floating LIBOR rate. The Term Loan Facility has been syndicated to a consortium of banks. All amounts drawn under the Term Loan Facility are secured by a fixed charge over all leasehold interests, book debts, project accounts and intellectual property of the Company and the Group and by a floating charge over the Company and Group's undertakings and assets.

As at 31st March 2002, £59,812,000 has been drawn under the Term Loan Facility. The total facility is for a maximum of £67,800,000.

An additional standby facility of £500,000 remains unused at 31 March 2002.

MERCIA HEALTHCARE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31st March 2002

Shareholder Credit Facility

The tenure of the Shareholder Credit Facility is 3 years and was repaid in full on 16th April 2002. Interest charged on amounts drawn under the facility is based on the floating LIBOR rate. Security under the facility is in the form of irrevocable letters of credit, which have been issued by the respective banks of the related parties (as detailed at Note 14). The Shareholder Credit Facility has not been syndicated.

As at 31st March 2002, £7,347,000 has been drawn under the Shareholder Credit Facility. The total facility is for a maximum of £7,800,000.

Swap arrangements

MHL has entered into interest rate swap agreements under both the Term Loan and Shareholder Credit Facilities. A fixed rate of 5.58% applies to all amounts drawn under the Term Loan, and the Shareholder Credit Facility. The swap agreement in relation to the Term Loan Facility expires on 10th April 2009. The swap agreement in relation to the Shareholder Credit Facility expires on 10th April 2002. The swap agreements operate by monthly exchanges of payments between MHL and its banks. The amounts exchanged represent the difference between floating and fixed interest rates calculated on pre-determined notional principal amounts.

MERCIA HEALTHCARE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31st March 2002

9) Deferred taxation

	2002 £'000	2001 (Restated) £'000
Accelerated capital allowance – deferred tax provision	(3,434)	(1,092)
Losses – deferred tax asset	<u>3,466</u>	<u>1,073</u>
Deferred tax asset / (provision)	<u>32</u>	<u>(19)</u>
 Bought forward	 (19)	 51
Profit and loss account credit / (charge) (Note 4)	<u>51</u>	<u>(70)</u>
Deferred tax asset / (provision) carried forward (Note 6)	<u>32</u>	<u>(19)</u>

10) Share Capital	2002		2001	
	Number	£'000	Number	£'000
Authorised:				
Ordinary shares of £1 each	<u>50,000</u>	<u>50</u>	<u>50,000</u>	<u>50</u>
Allotted and issued:				
Ordinary shares of £1 each	<u>1,000</u>	<u>1</u>	<u>1,000</u>	<u>1</u>

11) Movement in equity shareholders' funds

The movement in group equity shareholders' funds during the year relates wholly to the retained profit for the period under review and the prior year adjustments (see note 12). The group accounts do not include a separate profit and loss account for Mercia Healthcare (Holdings) Limited as permitted by Section 230 of the Companies Act 1985. Its profit for the period is nil and there is no movement in equity shareholders' funds.

MERCIA HEALTHCARE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31st March 2002

12) Prior period adjustments

Comparative figures have been restated to reflect two changes in accounting policy:

(a) Implementation of FRS 19 – Deferred Taxation

The prior year figures have been restated to comply with the revised accounting policy (see note 1).

(b) Finance income recognition

The costs incurred in respect of bid development, design and construction prior to the occupational availability of the Hospital building have been accumulated within a finance receivable as the costs are to be recovered over the contract period.

In the previous period, the accounting policy in respect of the finance receivable was that no income was to be recognised thereon until the construction phase was completed. This has been changed in the current year in that finance income has been recognised, although the amount recognised has been restricted to the level of costs incurred such that the company achieves a break even position during the construction phase. The accounting policy has been changed because the directors consider that the new policy gives a fairer presentation of the group's results.

As a result, comparative figures for the period ended 31 March 2001 have been adjusted as follows:

	Loss for the period £'000	Net assets £'000
As previously reported	(2,978)	(4,609)
Effects of the change in accounting policies		
- Implementation of FRS 19	(70)	(19)
- Finance income recognition	3,208	4,860
As restated	160	232

The current year result has been increased by £51,000 following the change in policy in respect of FRS 19 and increased by £4,618,000 following the change in policy in respect of finance income recognition.

13) Capital Commitments

Under the terms of the contract with Hereford Hospitals NHS Trust dated 16th April 1999 MHL is committed to payments totalling some £65 million in respect of design and construction work from 16th April 1999 through to 16th April 2002. MHL is also committed to payments of some £15 million for capital expenditure over the remaining contract term.

MERCIA HEALTHCARE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31st March 2002

14) Related Party Disclosures

The following Companies, together with undertakings within the individual Groups of Companies, are considered to be Related Parties to the Company, as defined in Financial Reporting Standard 8. The construction is undertaken by a Joint Venture between Alfred McAlpine Special Projects and Haden Young Ltd.

WS Atkins plc

Alfred McAlpine Construction Limited

Sodexo Services Group Limited

HSBC Infrastructure Limited

(Formally Charterhouse Project Equity Investments Limited)

Provision of Facilities and Services under the Concession Agreement

MHL is engaged in a 30-year contract with Hereford Hospitals NHS Trust in the design and construction of an Acute Care Facility, and in the provision of certain non-clinical support services at the Hereford County Hospital. Payments to related parties in respect of the above are detailed below.

	Construction contract 2002 £'000	Provision of staff and support services 2002 £'000	Construction contract 2001 £'000	Provision of staff and support services 2001 £'000
Alfred McAlpine Special Projects/Haden Young	11,583	-	20,938	-
WS Atkins plc	-	1,523	-	1,524
Sodexo Services Group Limited	-	2,917	-	2,862
HSBC Infrastructure Limited	-	28	-	18
Alfred McAlpine Special Projects	-	94	-	81

MERCIA HEALTHCARE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31st March 2002

14) Related Party Disclosures (continued)

Amounts outstanding to Related Parties at 31st March 2002

	2002 £'000	2001 £'000
Alfred McAlpine Special Projects /Haden Young	3,223	3,564
WS Atkins plc	482	356
Sodexo Services Group Limited	609	480
HSBC Infrastructure Limited	-	-
Alfred McAlpine Special Projects	-	-

All transactions with Related Parties were carried out at arms length.

15) Parent Undertakings

25% of the Company's shares are held by each of the following, all of which are registered in the United Kingdom:

WS Atkins plc

Alfred McAlpine Construction Limited

Sodexo Services Group Limited

HSBC Infrastructure Limited

16) Reconciliation of Operating (Loss)/Profit to Net Cash Flow From Operating Activities

	2002 £'000	2001 £'000
Operating loss/profit	(166)	230
(Increase) in debtors	(11,807)	(21,197)
Increase in creditors	<u>567</u>	<u>929</u>
Net cash outflow from operating activities	<u>(11,406)</u>	<u>(20,038)</u>

MERCIA HEALTHCARE (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31st March 2002

17) Analysis of Cash Flow Movements

	2002 £'000	2001 £'000
Returns on investment and servicing of finance		
Interest received	35	57
Interest paid	<u>(4,235)</u>	<u>(2,907)</u>
Net cash outflow from returns on investment and servicing of finance	<u>(4,200)</u>	<u>(2,850)</u>
Financing		
New bank loans	<u>16,075</u>	<u>22,807</u>
Net cash flow from financing	<u>16,075</u>	<u>22,807</u>

18) Analysis of net debt

	At 31 March 2001 £'000	Cash Flows £'000	Non-cash Movement £'000	At 31 March 2002 £'000
Cash at bank and in hand	612	1,333	-	1,945
Bank loans	<u>(48,629)</u>	<u>(16,075)</u>	<u>(418)</u>	<u>(65,122)</u>
	<u>(48,017)</u>	<u>(14,742)</u>	<u>(418)</u>	<u>(63,177)</u>

The non-cash movement relates to the amortisation of loan issue costs.