

COS. HOUSE

The General Welfare of the Blind

(A registered charity and company limited by guarantee)

Accounts 31 March 1998
together with Council's and Auditors' reports

Charity number: 210794

Company number: 116713



The General Welfare of the Blind

Founded 1854

Registered in accordance with the National Assistance Act 1948

Registered under the Charities Act 1960

A company limited by guarantee

President

HRH The Duchess of Gloucester

Council Chairman

DF Calow

Vice Chairman and Hon. Treasurer

TB Burton FCA

Council Members

RA Barker

WW Pratt (resigned 14 November 1997)

BN Taylor

GH Boote

Chief Executive

GP Robinson FCA

Secretary

J Kay

Headquarters

37/55 Ashburton Grove

London

N7 7DW

Trading Locations

Ashburton Grove

London

Hanover Trading Estate

North Road

Islington

Auditors

Binder Hamlyn

Bankers

Barclays Bank plc

National Westminster Bank plc

Investment Managers

Morgan Grenfell Investment Management
Limited

Solicitors

Edge & Ellison

Notice of annual general meeting

NOTICE IS HEREBY GIVEN that the 87th Annual General Meeting of the members of the above Company will be held at the headquarters of the Company at Ashburton Grove on 29 January 1999 at 11.00 a.m. for the following purposes:

- 1 To approve the minutes of the previous Annual General Meeting held on 23 January 1998 (Resolution No.1).
- 2 To approve and adopt the Council's report and annual accounts for the year ended 31 March 1998 and to receive the auditors' report (Resolution No.2).
- 3 To re-elect the following member of the Council who retires by rotation and, being eligible, will be proposed for re-election.

GH Boote (Resolution No.3)
- 4 To re-appoint Binder Hamlyn as auditors.
- 5 To transact any other ordinary business of the Company.

By Order of the Council



TB Burton

Council Member

22 December 1998

Annual report of the Council

For the year ended 31 March 1998

The Council submits its report together with the audited financial statements for the year ended 31 March 1998.

Statement of Council Members' responsibilities

Company law requires the Council Members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the income and expenditure of the company for that period. In preparing those financial statements, the Council Members have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis.

The Council Members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and 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.

Principal Activities of the Company

The Company, which is a charity and trades under the name of GWB Products, employs blind and disabled people in supported factories in the manufacture of aerosol and liquid products for the toiletry and household product markets, and in the manufacture of bedding products.

Results

The net outgoing resources amounted to £258,346 (1997: £112,228). A review of the Company's operations during the year is contained in the Chairman's statement on page 5.

Properties

On 3 April 1998, the Company's interest in the investment properties at 1-33 Mesne Street and 38-44 Standisgate, Wigan, was valued at £1,750,000 by Richard Ellis, Chartered Surveyors.

Employees

The average number of persons employed by the Company throughout the year was 157 (1997: 178) of whom 87 (1997: 89) were blind or disabled.

Council

The Council Members at the date of this report are shown on page 1. One third of council members retire each year, but are allowed to stand for re-election at the Annual General Meeting. The Council has an Audit committee and a Compensation committee.

Annual report of the Council (continued)

Post balance sheet event

As a result of continued downward pressure on margins and considerably increased competition from aerosol fillers both in the UK and overseas, substantial trading losses have been incurred at the Luton factory for several years. The high value of the pound sterling and recent problems in the Russian and Eastern European markets have had a further negative impact on the situation. Due to these factors the Council decided to close the Luton aerosol plant on 27 November 1998, and make twenty five able bodied staff redundant. Efforts are continuing to find alternative employment for the twenty one disabled employees at Luton.

Year 2000 compliance

Mindful of the risks associated with Year 2000 compliance, we have carried out a review of our IT systems. We shall continue to keep this issue under review to ensure that applications are updated as appropriate. The costs are not expected to be material.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Binder Hamlyn be re-appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Council on 22 December 1998.



TB Burton
Council Member

Chairman's statement

For the year ended 31 March 1998

The results for the year ended 31 March 1998 have been completely overshadowed by events since that date. As noted in the Report of the Council, it has been necessary to close down our facilities at Luton. The pressure on margins as a result of the activities of overseas aerosol fillers, the economic problems in Russia and the other Eastern European markets have had a dramatic adverse effect on GWB in that the result for GWB is that customers have cancelled or severely cut back on current orders and forecast requirements with no signs of improvement. Therefore GWB was left with no alternative but to curtail the losses and terminate the activities at Luton.

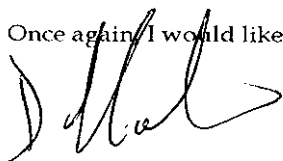
This has resulted in twenty-five non-disabled employees and twenty-one disabled employees being made redundant, the latter with effect from 31 March 1999. Substantial efforts have been and will continue to be made to place the disabled employees in other employment and close liaison is being kept with the local authorities and other organisations employing blind and disabled people. We are closely investigating all possibilities for relocation to one of our two London facilities, for those who are interested in a move to London.

As you may imagine, these events are extremely sad for all concerned and not least for our executives both in London and Luton who have worked so hard to stem the problems over which they and GWB as a whole had no control. My colleagues and I gratefully appreciate the continued effort over many difficult trading years of all our employees at Luton.

The filling and bedding activities in London are both showing firm order books. This, together with the continual expansion of our own Direct Sales Organisation, will ensure that the London factories will provide full employment for the years to come. Again our thanks are due to our employees in both facilities for their unstinting efforts during the past year.

The income received from non-trading activities, namely rentals from our property portfolio in Wigan and investments, which are managed by Deutsche Morgan Grenfell, continue to be stable and provide GWB with a sound asset base. The overall results, which are set out in detail in the enclosed accounts, benefit from this charitable income.

Once again, I would like to thank all who have involved in assisting GWB during these recent difficult times.



DF Calow
Chairman

22 December 1998

BINDER HAMLYN

Andersen Worldwide

20 Old Bailey
London EC4M 7BH

Auditors' report

To the members of The General Welfare of the Blind

We have audited the financial statements on pages 7 to 21 which have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments and the accounting policies set out on pages 11 to 13.

Respective responsibilities of Council Members and auditors

As described on page 3, the Council Members are responsible for the preparation of the 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.

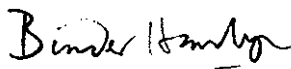
Basis of opinion

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 Council Members 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 the Company's affairs at 31 March 1998 and of its incoming resources, resources expended and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors
20 Old Bailey
London
EC4M 7BH

22 December 1998

Statement of financial activities

For the year ended 31 March 1998

	Notes	Total 1998 £	Total restated 1997 £
Incoming resources			
Sales from supported factories		6,271,909	7,502,488
Capitations		1,019,964	1,034,706
Donations and legacies	2	142,467	61,661
Rental income		215,439	215,892
Investment income	3	30,200	51,159
Profit on sale of fixed assets		5,988	7,387
Total income		7,685,947	8,873,293
Costs of supported factories		(7,709,686)	(8,730,332)
Net resources (absorbed)/available		(23,739)	142,961
Resources expended			
<i>Direct charitable expenditure</i>			
Benefits to the blind and disabled			
- welfare		96,904	96,407
- hostel		8,478	13,432
Support costs		55,000	57,700
		160,382	167,539
<i>Other expenditure</i>			
Fund-raising and publicity costs		22,870	31,148
Management and administration of the charity		51,355	56,502
Resources expended	4	234,607	255,189
Net outgoing resources (carried forward)	6	(258,346)	(112,228)

Statement of financial activities
Incorporating the income and expenditure account
For the year ended 31 March 1998

	Notes	Total 1998 £	Total 1997 £
Net outgoing resources (brought forward)		(258,346)	(112,228)
Gains on investment assets:			
Realised gains on listed investments	8	<u>247,832</u>	<u>49,219</u>
		(10,514)	(63,009)
Unrealised (losses)/gains on listed investments	8	(19,379)	95,732
Revaluation of investment properties	8	<u>100,000</u>	<u>50,000</u>
Net movement in funds		70,107	82,723
Fund balances brought forward at 1 April 1997		<u>4,267,757</u>	<u>4,185,034</u>
Fund balances carried forward at 31 March 1998		<u>4,337,864</u>	<u>4,267,757</u>

All of the above results are derived from continuing activities.

The company has no recognised gains and losses other than those stated above. The deficit for the year for Companies Act purposes includes realised gains on investments and was £10,514 (1997: £63,009).

Balance sheet

As at 31 March 1998

	Notes	1998 £	1997 £
Fixed assets			
Tangible assets	7	1,734,722	1,918,709
Investments	8	2,825,991	2,491,849
		<u>4,560,713</u>	<u>4,410,558</u>
Current assets			
Stocks	9	1,098,925	1,273,721
Debtors	10	1,329,781	1,428,680
Cash		25,148	8,199
		<u>2,453,854</u>	<u>2,710,600</u>
Creditors: amounts falling due within one year	11	<u>(1,945,312)</u>	<u>(2,004,596)</u>
Net current assets		<u>508,542</u>	<u>706,004</u>
Total assets less current liabilities		5,069,255	5,116,562
Creditors: amounts falling due after more than one year	12	(549,866)	(634,726)
Deferred income	13	<u>(181,525)</u>	<u>(214,079)</u>
Net assets		<u>4,337,864</u>	<u>4,267,757</u>
Funds			
General funds			
Realised		3,029,570	3,040,084
Unrealised		1,308,294	1,227,673
		<u>4,337,864</u>	<u>4,267,757</u>

The financial statements on pages 7 to 21 were approved by the Council on 22 December 1998



DF Calow
Chairman



TB Burton
Honorary Treasurer

Cash flow statement

31 March 1998

	Notes	1998 £	1997 £
Net cash outflow from operating activities	16	(258,286)	(170,292)
Returns on investments and servicing of finance	17	175,459	174,726
Capital expenditure and financial investment	17	<u>(80,267)</u>	<u>363,971</u>
Cash (outflow)/inflow before financing		(163,094)	368,405
Financing	17	<u>(66,372)</u>	<u>(67,425)</u>
(Decrease)/increase in cash in the year	18	<u>(229,466)</u>	<u>300,980</u>

Notes to the financial statements

For the year ended 31 March 1998

1 Accounting policies

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of fixed asset investments which are included on a market value basis. The accounts, have been prepared in accordance with the Statement of Recommended Practice ("SORP") - Accounting by Charities and applicable accounting standards.

b) Company status

The Charity is a company limited by guarantee. The guarantors are the Council members of the General Welfare of the Blind. The liability in respect of the guarantee, as set out in the memorandum, is limited to £1 while a person is a Council member and for up to one year after ceasing to be a member. The Charity has availed itself of Paragraph 3 (3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the company's activities.

c) Fund accounting

General funds are available for use at the discretion of the Council in furtherance of the general objectives of the Charity.

All income and expenditure is shown in the Statement of Financial Activities.

d) Sales from supported factories

Sales represents the amount receivable for goods and services provided in the normal course of trading net of trade discounts, VAT and other sales related taxes.

e) Capitations

Capitations are received from local authorities in respect of blind and disabled employees and are credited in the period to which they relate.

f) Donations and legacies

Donations, legacies and other voluntary income are recognised on a receivable basis when the Council consider that such recognition is prudent and practicable and conditions for receipt have been met.

g) Foreign currencies

Transactions in foreign currencies are converted at the exchange rate ruling at the time of the transaction.

h) Resources expended

The cost headings comprise expenditure, including staff costs, directly attributable to the activity. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with use of the resources and the number of employees involved.

Notes to the financial statements (continued)

1 Accounting policies (continued)

h) Resources expended (continued)

Central overheads are allocated on the basis of their use with the aim of ensuring that those costs remaining within administration relate to the management of the Charity's assets, organisational administration and compliance with constitutional and statutory requirements. The allocation has been re-assessed and the costs of administering the factories are now included in the 'cost of supported factories'. The comparative figures have been restated accordingly.

i) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost including any incidental expenses of acquisition.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis at the following annual rates:

Freehold buildings	-	at varying rates between 0.5% and 1.5%
Leasehold buildings	-	life of lease
Plant and machinery	-	10%
Motor vehicles	-	25%
Computer equipment	-	20%

j) Investments

Investments are stated at market value. Market value is taken to be the middle market price ruling at the balance sheet date.

k) Investment properties

Investment properties are maintained at such a standard that the residual value is not impaired by the passage of time. As a consequence, any element of depreciation is considered by the Council not to be material and no provision has therefore been made.

l) Stocks

Raw material and finished goods stocks are valued at the lower of cost and net realisable value. Cost in relation to manufactured products is the cost of labour and materials with a proportion of overhead expended added where appropriate.

m) Pension costs

The regular cost of providing pension and related benefits is charged to the statement of financial activities over the employees' services lives on the basis of a constant percentage of earnings. Variations from regular cost, arising from periodic actuarial valuations are allocated over the expected remaining service lives of current employees on the basis of a constant percentage of current and estimated future earnings. Any difference between the charge to the statement of financial activities and the contributions payable to the scheme is shown as an asset or a liability in the balance sheet.

Notes to the financial statements (continued)

1 Accounting policies (continued)

n) Finance and operating leases

Rentals applicable to operating leases are charged to the statement of financial activities over the period in which the cost is incurred.

Assets purchased under finance lease are capitalised in fixed assets. Obligations under such agreements are included in creditors. The difference between the capitalised cost and the total obligation under the lease represents the finance charges.

Finance charges are written-off over the period of the lease so as to produce a constant periodic rate of charge on fixed interest contracts.

o) Capital grants from the Employment Service

Grants are receivable from the Employment Service in respect of certain plant and machinery. They are subject to conditions laid down by the Service and are repayable within five years of receipt if the plant and machinery in question is sold. These grants are released to the statement of financial activities in equal and annual instalments in line with the depreciation charged on the relevant plant and machinery.

2 Donations and legacies

	1998	1997
	£	£
Greater London Fund for the Blind	53,082	47,709
Legacies	82,749	7,447
Other donations	6,636	6,505
	<u>142,467</u>	<u>61,661</u>

3 Investment income

	1998	1997
	£	£
Interest receivable	173	1,134
Dividends receivable	30,027	50,025
	<u>30,200</u>	<u>51,159</u>

Notes to the financial statements (continued)

4 Total resources expended

	Staff costs £	Other costs £	Allocated costs £	Total 1998 £	Total restated 1997 £
Benefits to the blind and disabled					
- welfare	31,122	65,782	-	96,904	96,407
- hostel	13,762	(5,284)	-	8,478	13,432
Support costs	-	5,000	50,000	55,000	57,700
Fund-raising and publicity	21,666	1,204	-	22,870	31,148
Management and administration of the charity	290,443	378,943	(618,031)	51,355	56,502
	356,993	445,645	(568,031)	234,607	255,189
Costs from supported factories	1,905,518	5,236,137	568,031	7,709,686	8,730,332
Total resources expended	2,262,511	5,681,782	-	7,944,293	8,985,521

5 Staff costs

	1998 £	1997 £
Wages and salaries	2,009,979	2,155,228
Social security costs	140,429	155,599
Pension costs	112,103	111,403
	2,262,511	2,422,230

One employee earned between £50,000 and £55,000 (1997: 1).

The average number of employees, analysed by function was:

	1998 Number	1997 Number
Production	144	164
Sales	5	6
Welfare	2	2
Fund-raising and publicity	1	1
Management and administration of the charity	5	5
	157	178

Notes to the financial statements (continued)

6 Net outgoing resources is stated after charging/(crediting):

	1998 £	1997 £
Depreciation		
- Hire purchase assets	14,043	15,815
- other	250,510	254,306
Grants from the Employment Services released from reserves	(51,143)	(49,285)
Surplus on sale of tangible fixed assets	(5,988)	(7,387)
Auditors' remuneration	17,000	16,500
Hire purchase interest	1,669	2,253
Operating lease rentals		
- plant and machinery	29,106	29,692
- land and buildings	254,421	254,421
Interest on bank loans falling due after more than five years	13,272	16,790
Interest on other bank loans and overdrafts	55,239	73,281

7 Tangible fixed assets

	Freehold land £	Freehold building £	Short leasehold £	Long leasehold £	Plant and machinery £	Total £
Cost						
1 April 1997	11,040	32,859	142,425	835,456	2,392,478	3,414,258
Additions	-	-	7,360	-	73,867	81,227
Disposals	-	-	-	-	(106,892)	(106,892)
31 March 1998	11,040	32,859	149,785	835,456	2,359,453	3,388,593
Depreciation						
1 April 1997	-	11,305	36,717	138,731	1,308,796	1,495,549
Charge for year	-	275	11,234	9,813	243,231	264,553
Disposals	-	-	-	-	(106,231)	(106,231)
31 March 1998	-	11,580	47,951	148,544	1,445,796	1,653,871
Net book value						
at 31 March 1998	11,040	21,279	101,834	686,912	913,657	1,734,722
At 31 March 1997	11,040	21,554	105,708	696,725	1,083,682	1,918,709

Plant and machinery includes assets with a net book value of £30,651 (1997: £31,203) held under hire purchase agreements.

Notes to the financial statements (continued)

8 Fixed asset investments

	Listed investments £	Freehold property £	Bank deposits £	Total £
Market value as at 1 April 1997	834,934	1,650,000	6,915	2,491,849
Additions	885,908	-	-	885,908
Disposals	(873,304)	-	(6,915)	(880,219)
Net investment gains	<u>228,453</u>	<u>100,000</u>	<u>-</u>	<u>328,453</u>
Market value as at 31 March 1998	1,075,991	1,750,000	-	2,825,991
Historical cost as at 31 March 1998	<u>1,001,447</u>	<u>516,250</u>	<u>-</u>	<u>1,517,697</u>
Unrealised gains at 31 March 1998	74,544	1,233,750	-	1,308,294
Unrealised gains at 31 March 1997	<u>93,923</u>	<u>1,133,750</u>	<u>-</u>	<u>1,227,673</u>
Movement on unrealised gains	(19,379)	100,000	-	80,621
Realised gain based on historic cost	<u>247,832</u>	<u>-</u>	<u>-</u>	<u>247,832</u>
Net investment gains	<u>228,453</u>	<u>100,000</u>	<u>-</u>	<u>328,453</u>
Historical cost as at 31 March 1997	<u>741,011</u>	<u>516,250</u>	<u>6,915</u>	<u>1,264,176</u>
Market value of: listed investments:-	£			
Conversion 9½% Stock 2005	69,183			
Conversion 9% Stock 2000	66,848			
Charities Aid Foundation	<u>939,960</u>			
Total	<u>1,075,991</u>			

9 Stocks

	1998 £	1997 £
Raw materials and consumables	611,572	665,075
Finished goods	<u>487,353</u>	<u>608,646</u>
	<u>1,098,925</u>	<u>1,273,721</u>

Notes to the financial statements (continued)

10 Debtors

	1998 £	1997 £
Trade debtors	1,186,288	1,359,166
Other debtors	98,635	36,278
Prepayments and accrued income	44,858	33,236
	<u>1,329,781</u>	<u>1,428,680</u>

11 Creditors: amounts falling due within one year

	1998 £	1997 £
Bank loans and overdrafts (See note 12)	639,827	390,412
Trade creditors	895,786	1,154,660
Other creditors	235,663	261,388
Other taxes and social security	103,121	131,779
Accruals	57,569	49,910
Hire purchase agreements	13,346	16,447
	<u>1,945,312</u>	<u>2,004,596</u>

12 Creditors: amounts falling due after more than one year

	1998 £	1997 £
Bank loans	353,616	438,476
Interest free loan from the Employment Service	196,250	196,250
	<u>549,866</u>	<u>634,726</u>
Bank loans		
The loans are repayable as follows:		
Between two and five years	342,739	381,932
More than five years	10,877	56,544
	<u>353,616</u>	<u>438,476</u>
Within one year	84,908	81,908
	<u>438,524</u>	<u>520,384</u>

17 The General Welfare of the Blind

Notes to the financial statements (continued)

12 Creditors: amounts falling due after more than one year (continued)

The Barclays Bank loan of £307,647 is secured by way of a fixed charge over the company's listed investments and is for a period of 8 years. The charge requires the minimum value of the listed investment to be greater than £800,000. It is repayable by monthly instalments to include capital and interest. Interest is charged at 1.5% above base rate, subject to a minimum of 5.5%.

The National Westminster Bank loan of £130,877 is unsecured and is for a period of 6 years. It is repayable by monthly instalments to include capital and interest. Interest is charged at 1.5% above base rate, subject to a minimum of 5.5%.

The interest free loan from the Employment Service is repayable in the event of the premises at Ashburton Grove ceasing to be utilised for supported employment.

13 Deferred income

	1998 £	1997 £
Capital grants from the Employment Service		
At 1 April 1997	214,079	254,639
Received in the year	18,589	8,725
Released to Statement of Financial Activities	(51,143)	(49,285)
At 31 March 1998	<u>181,525</u>	<u>214,079</u>

14 Financial commitments

i) Capital commitments

There was no capital expenditure authorised and contracted for at the year end (1997: £nil).

ii) Operating leases

Annual commitments under non cancellable operating leases are as follows:

	1998		1997	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiring:				
Within one year	-	-	8,101	1,576
In second to fifth years inclusive	42,500	22,706	42,500	28,451
After five years	<u>202,430</u>	<u>-</u>	<u>202,430</u>	<u>-</u>
	<u>244,930</u>	<u>22,706</u>	<u>253,031</u>	<u>30,027</u>

Leases of land and buildings are subject to regular rent reviews.

18 The General Welfare of the Blind

Notes to the financial statements (continued)

15 Pension costs

The Company operates a defined benefit final salary pension scheme for all permanent employees, the assets of which are held in a separate trustee administered fund. The funding of this scheme and the company's pension cost are both determined based on advice provided by a professionally qualified actuary.

The company's pensions costs for the year were £112,103 (1997: £111,403) and were assessed using the Projected Unit Method together with the actuarial assumptions detailed below.

The pension scheme was formally valued at 1 April 1995 using the Projected Unit Method and assumed rates of investment return, earnings increases and pension increases in payment of 9%, 7% and 4.5% respectively. This valuation revealed that the scheme had assets with a market value of £5,253,000 and was funded to the extent of 116% of its liabilities on an on-going basis. As a result of the valuation, the company contributes to the scheme at the recommended rate of 7.9% of pensionable salaries.

16 Reconciliation of net incoming/(outgoing) resources to operating cash flows

	1998 £	1997 £
Changes in resources before revaluation	(10,514)	(63,009)
Depreciation	264,553	270,121
Interest paid	68,511	90,071
Profit on sale of fixed asset investment	(247,832)	(47,703)
Rents received	(215,439)	(215,892)
Grant amortised	(51,143)	(49,285)
Profit on sale of tangible fixed assets	(5,988)	(7,387)
Dividend and interest income	(30,200)	(51,159)
Decrease in stocks	174,796	27,712
Decrease in debtors	98,899	437,966
Decrease in creditors	(305,598)	(563,981)
Interest element of hire purchase payment	1,669	2,254
Net cash outflow from operating activities	<u>(258,286)</u>	<u>(170,292)</u>

Notes to the financial statements (continued)

17 Analysis of cashflows for headings netted in the cashflow statement

	1998 £	1997 £
Returns on investments and servicing of finance		
Dividend and interest income	30,200	51,159
Interest paid	(68,511)	(90,071)
Rents received	215,439	215,892
Interest element of hire purchase	(1,669)	(2,254)
Net cash inflow for returns on investments and servicing of finance	<u>175,459</u>	<u>174,726</u>
Capital expenditure and financial investment		
Purchase of fixed asset investments	(885,908)	(2,567)
Sale of fixed asset investments	880,219	505,397
Purchase of tangible fixed assets	(81,227)	(148,659)
Sale of tangible fixed assets	6,649	9,800
Net cash (outflow)/inflow for capital expenditure and financial investment	<u>(80,267)</u>	<u>363,971</u>
Financing		
Debt due within a year	-	7,000
Debt due beyond a year	(24,000)	(30,988)
Repayment of secured loan	(57,860)	(56,762)
Capital element of finance lease rental payments	(3,101)	4,600
Grants received	18,589	8,725
Net cash outflow from financing	<u>(66,372)</u>	<u>(67,425)</u>

Notes to the financial statements (continued)

18 Analysis of net debt

	At 1 April 1997 £	Cashflow £	31 March 1998 £
Cash in hand, at bank	8,199	16,949	25,148
Overdrafts	(308,504)	(246,415)	(554,919)
	(300,305)	(229,466)	(529,771)
Debt due after one year	(634,726)	84,860	(549,866)
Debt due within one year	(81,908)	(3,000)	(84,908)
Finance leases	(16,447)	3,101	(13,346)
Total	(1,033,386)	(144,505)	(1,177,891)
		1998 £	1997 £
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the period		(229,466)	300,980
Cash outflow from repayment of debt and finance leases		84,961	104,966
New finance leases		-	(28,817)
Movement in net debt in the period		(144,505)	377,129
Net debt at 1 April 1997	(1,033,386)		(1,410,505)
Net debt at 31 March 1998		(1,177,891)	(1,033,386)