

**The Motor Insurance Repair Research Centre
(Limited by Guarantee)**

Report and Financial Statements

31 December 2002



REPORT AND FINANCIAL STATEMENTS 2002

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REPORT AND FINANCIAL STATEMENTS 2002

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D A Torrance (Chairman)
J R Brownhill (Appointed 10 July 2002)
P Chaplain (Appointed 10 July 2002)
N Hardie (Resigned 19 February 2002)
D Harris (Resigned 10 December 2002)
D R Hooker
P A Horton (Appointed 10 July 2002)
P Howley (Appointed 6 November 2002)
R M Jones
J McLennan
K Roberts
P T Roberts
T G Sams
G Munnoch

SECRETARY

B C A Matthews

REGISTERED OFFICE

Colthrop Way
Thatcham
Berkshire
RG19 4NR

BANKERS

NatWest Bank plc
Market Place
Newbury
Berkshire
RG14 5AJ

SOLICITORS

Olswang
Apex Plaza
Forbury Road
Reading
RG1 1AX

AUDITORS

Deloitte & Touche
Reading
Chartered Accountants

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

NAME

The company, which is limited by guarantee, has taken advantage of the provisions in Section 30 of the Company's Act 1985 to dispense with the word "Limited" from its name.

PRINCIPAL ACTIVITY

Throughout 2002 the principal activity of the company was to continue with research into motor vehicle repair technology.

RESULTS FOR THE YEAR AND DIVIDENDS

In 2002 the company's turnover was £8,055,000 (2001: £7,088,000). Revenue generated by the company was £2,967,000 (2001: £2,653,000), which was 37% of turnover. Members contributed a levy of £5,088,000 (2001: £4,435,000), which was 63% of turnover. Operating expenditure was £7,887,000 (2001: £7,017,000). The surplus transferred to the accumulated fund after tax is £174,000 (2001: £76,000).

It is not possible to distribute any part of the accumulated fund to members.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

Solid progress has been made in 2002 in meeting our main aim of containing the costs of motor insurance claims, whilst ensuring standards of quality and safety on behalf of the motoring public. It has been a challenging and varied year's work with activity in the main areas of research, vehicle security, production of videos and publications, and training.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are shown below:

D A Torrance (Chairman)	
J R Brownhill	(Appointed 10 July 2002)
P Chaplain	(Appointed 10 July 2002)
N Hardie	(Resigned 19 February 2002)
D Harris	(Resigned 10 December 2002)
D R Hooker	
P A Horton	(Appointed 10 July 2002)
P Howley	(Appointed 6 November 2002)
R M Jones	
J McLennan	
K Roberts	
P T Roberts	
T G Sams	
G Munnoch	

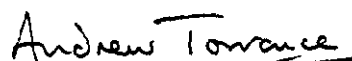
None of the directors who held office at 31 December 2002 had a beneficial interest in the company requiring disclosure under Schedule 7 of the Companies Act 1985.

DIRECTORS' REPORT

AUDITORS

During the year, Arthur Andersen resigned as auditors, and Deloitte & Touche were appointed to fill the casual vacancy arising. The directors will place a resolution before the annual general meeting to reappoint Deloitte & Touche as auditors for the ensuing year.

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

A handwritten signature in dark ink, reading "Andrew Torrance". The signature is written in a cursive style with a horizontal line underlining the name.

Andrew Torrance

Chairman

10 April 2003

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

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

Independent auditors' report to the members of the Motor Insurance Repair Research Centre

We have audited the financial statements of The Motor Insurance Repair Research Centre for the year ended 31 December 2002 which comprise the income and expenditure account, the balance sheet, the cash flow statement and the related notes 1 to 20.

These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.


BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom 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 the company's affairs as at 31 December 2002 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Deloitte & Touche
Registered Auditors and Chartered Accountants
Reading

10 April 2003

INCOME AND EXPENDITURE ACCOUNT
Year ended 31 December 2002

		<u>Continuing operations</u>	
	Note	2002 £'000	2001 £'000
TURNOVER	2		
Members' levy		5,088	4,435
Sale of publications and videos		651	570
Provision of training services		531	460
Sale of software and licences		1,082	932
Revenue from research activities		703	691
		<hr/>	<hr/>
		8,055	7,088
Raw materials and consumables		(166)	(141)
Staff costs	3	(4,305)	(3,822)
Other operating charges	4	(3,439)	(3,037)
Change in stocks and work in progress		23	(17)
		<hr/>	<hr/>
		(7,887)	(7,017)
SURPLUS FROM OPERATIONS			
		168	71
Interest payable and similar charges	5	(65)	(56)
Interest receivable and similar income	6	57	56
		<hr/>	<hr/>
SURPLUS BEFORE TAXATION		160	71
Tax credit on surplus	7	14	5
		<hr/>	<hr/>
SURPLUS TRANSFERRED TO ACCUMULATED FUND	14	174	76
		<hr/>	<hr/>

There were no recognised gains and losses other than the surplus for each year as shown above. Accordingly, a statement of total recognised gains and losses has not been provided.

The accompanying notes are an integral part of this income and expenditure account.

BALANCE SHEET
31 December 2002

	Note	2002 £'000	2001 £'000
FIXED ASSETS			
Tangible assets	8	3,191	2,238
CURRENT ASSETS			
Stocks	9	51	28
Debtors	10	6,587	6,546
Cash at bank and in hand		805	-
		7,443	6,574
CREDITORS: amounts falling due within one year	11	(8,461)	(7,237)
NET CURRENT LIABILITIES		(1,018)	(663)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,173	1,575
CREDITORS: amounts falling due after more than one year	12	(1,015)	(577)
PROVISIONS FOR LIABILITIES AND CHARGES	13	(9)	(23)
NET ASSETS		1,149	975
CAPITAL AND RESERVES			
Accumulated fund	14	1,149	975

These financial statements were approved by the Board of Directors on 10 April 2003.

Signed on behalf of the Board of Directors



Andrew Torrance

Chairman

CASH FLOW STATEMENT
Year ended 31 December 2002

	Note	2002 £'000	2001 £'000
Net cash inflow from operating activities	17	1,626	52
Returns on investments and servicing of finance	18	(8)	-
Capital expenditure and financial investment, net	18	(619)	(427)
Cash inflow/(outflow) before financing		999	(375)
Financing, net	18	(228)	(107)
Increase/(decrease) in cash in the year	19	771	(482)

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

1. ACCOUNTING POLICIES

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

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover represents the amount of levies receivable from members in respect of the year and the value of sales of publications, training and research materials, net of value added tax.

Publications

Expenditure incurred in the production of publications is written off as incurred. Income relating to those publications is taken into the income and expenditure account when the publications are despatched.

Depreciation

The amount provided in respect of tangible fixed assets is calculated by reference to the cost of the asset, its estimated life and estimated residual value. All depreciation is calculated on a straight-line basis. The cost of freehold land is not subject to a depreciation charge.

The estimated useful lives of other assets are:

Buildings	10 to 50 years
Plant and equipment	3 to 10 years
Motor vehicles	4 years

Stocks

Stocks, which include motor vehicles used for research purposes, are stated at the lower of cost and net realisable value.

Research and development expenditure

Expenditure on pure and applied research is written off as incurred.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. *Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.*

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Pensions

The annual pension fund contribution is calculated to meet liabilities accrued by virtue of service based on regular actuarial valuations. The cost of pensions is charged to the income and expenditure account so as to recognise the expense on a systematic basis over the anticipated service lives of employees.

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

1. ACCOUNTING POLICIES (CONTINUED)

Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the income and expenditure account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives. Operating lease rentals are charged against income as incurred.

2. TURNOVER

The analysis of turnover by activity is shown in the Income and Expenditure account. Turnover principally relates to these activities in the UK.

3. STAFF COSTS

Particulars of employee costs (including executive directors) are as shown below:

	2002	2001
	£'000	£'000
Wages and salaries	3,402	3,066
Social security costs	259	240
Pension costs	644	516
	<u>4,305</u>	<u>3,822</u>

**The average monthly number of persons employed
by the company during the year was as follows:**

	No.	No.
Management	15	13
Support	9	9
Research and training	91	88
	<u>115</u>	<u>110</u>

Directors' remuneration

The remuneration of the directors was as follows:

	£'000	£'000
Directors emoluments (including benefits in kind)	256	285
Compensation for loss of office	-	20
	<u></u>	<u></u>

	No.	No.
The number of directors who were members of the company's pension scheme was as follows:		
Defined benefit schemes	2	3
	<u></u>	<u></u>

Highest paid director

	£'000	£'000
Emoluments	140	157
	<u></u>	<u></u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

4. OTHER OPERATING CHARGES

Other operating charges (credits) include:

	2002 £'000	2001 £'000
Profit on disposal of tangible fixed assets	(35)	(11)
Operating lease rentals – land and buildings	408	448
Depreciation of tangible fixed assets		
- owned	273	241
- held under finance leases	234	168
Research and development expenditure	1,723	1,451
Auditors' remuneration		
- audit services	19	18
- other services	29	41
	<u> </u>	<u> </u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £'000	2001 £'000
On bank loans and overdrafts	16	18
Interest element of finance lease rentals	49	38
	<u> </u>	<u> </u>
	65	56
	<u> </u>	<u> </u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2002 £'000	2001 £'000
Bank interest receivable	57	56
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

7. TAXATION

The tax credit comprises:

	2002 £'000	2001 £'000
Deferred taxation credit (Note 13)	(14)	(5)

The difference between total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the surplus before tax is as follows:

	2002 £'000	2001 £'000
Surplus before tax	160	71
Tax on surplus at standard UK corporation tax rate of 30% (2001: 30%)	48	21
Effects of:		
Expenses not deductible for tax purposes	36	30
Capital allowances in excess of depreciation	(17)	(82)
Utilising of tax losses	(80)	-
Other	13	31
Current tax credit for the year	-	-

The tax charge in future periods may be affected by the utilisation of these tax losses. A deferred tax asset amounting to £90,000 (2001: £170,000) for tax losses has not been recognised.

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

8. FIXED ASSETS

	Land, building and leasehold improvements £'000	Plant, equipment and motor vehicles £'000	Total £'000
Cost			
At 1 January 2002	1,846	2,581	4,427
Additions	313	1,148	1,461
Disposals	-	(55)	(55)
At 31 December 2002	2,159	3,674	5,833
Accumulated depreciation			
At 1 January 2002	798	1,391	2,189
Charge for the year	101	406	507
Disposals	-	(54)	(54)
At 31 December 2002	899	1,743	2,642
Net book value			
At 31 December 2002	1,260	1,931	3,191
At 31 December 2001	1,048	1,190	2,238

The net book value of plant, equipment and motor vehicles includes £1,182,000 (2001: £602,000) of assets held under finance leases.

NOTES TO THE ACCOUNTS
Year ended 31 December 2002
9. STOCKS

	2002	2001
	£'000	£'000
Work-in-progress	50	25
Finished goods	1	3
	<u>51</u>	<u>28</u>

10. DEBTORS

	2002	2001
	£'000	£'000
Trade debtors	6,016	6,003
Prepayments and accrued income	571	543
	<u>6,587</u>	<u>6,546</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
	£'000	£'000
Bank loans and overdrafts	249	198
Trade creditors	1,151	807
Other creditors		
- social security and PAYE	93	113
- VAT	78	158
Obligations under finance leases (note 12)	298	166
Pension accrual	340	323
Accruals and deferred income	6,252	5,472
	<u>8,461</u>	<u>7,237</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002 £'000	2001 £'000
Obligations under finance leases	737	352
Bank loan	278	225
	<u>1,015</u>	<u>577</u>

The bank loan is secured by a mortgage over the company's property and a floating charge over the company's other assets. The bank loan attracts interest at a rate of LIBOR plus 2.0% and is repayable as follows:

	2002 £'000	2001 £'000
Between one and two years	109	97
Between two and five years	169	128
	<u>278</u>	<u>225</u>
Within one year	192	175
	<u>470</u>	<u>400</u>

Obligations under finance leases are repayable as follows:

	2002 £'000	2001 £'000
Within one year	383	211
Between two and five years	833	396
	<u>1,216</u>	<u>607</u>
Less finance charges allocated to future periods	(181)	(89)
	<u>1,035</u>	<u>518</u>

The amounts payable on finance leases are secured on the corresponding assets.

13. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £'000	Pension fund deficit £'000	Total £'000
At 1 January 2002	14	9	23
Released to the income and expenditure account	(14)	-	(14)
At 31 December 2002	<u>-</u>	<u>9</u>	<u>9</u>

The provision for deferred taxation relates to accelerated capital allowances. The provision for the pension fund deficit relates to an anticipated increase in future pension fund contributions (see Note 16).

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

14. CAPITAL AND RESERVES – ACCUMULATED FUND

	2002 £'000	2001 £'000
At beginning of year	975	899
Amount transferred from income and expenditure account	174	76
At end of year	<u>1,149</u>	<u>975</u>

15. FINANCIAL COMMITMENTS

The annual commitment under operating leases is as follows:

	Land and buildings	
	2002 £'000	2001 £'000
Operating leases which expire - in over five years	<u>408</u>	<u>408</u>

At 31 December 2002, capital commitments which were contracted but not provided for amounted to £nil (2000: £716,000).

16. PENSIONS

The company operates the Thatcham Staff Pension and Life Assurance Scheme for the benefit of its employees. This is a defined benefit scheme the assets of which are held in separate trust administered funds. The contributions are determined by qualified actuaries on the basis of triennial valuations using the projected unit credit method. The latest actuarial valuation of the scheme was carried out by independent actuaries as at 1 July 2000. The principal assumptions adopted were that the investment return would be 6.75% per annum, the salary increases would average 4% per annum and that pensions in payment in respect of service after 5 April 1988 would increase at the rate of 3% per annum.

At 1 July 2000, the market value of the scheme assets was £3,648,000 and the actuarial value of the assets was sufficient to cover 87% of the benefits that had accrued to the members.

The deficit on the scheme is being eliminated by higher employer's contribution rate. A funding reserve is maintained at 31 December 2002 amounting to £9,000 (2001: £9,000) (see Note 13). The company's pension charge for the year was £644,000 (2001: £516,000). At 31 December 2001 in addition to the pension fund reserve there was a pension contributions accrual of £340,000 (2001: £323,000).

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

16. PENSIONS (CONTINUED)

Additional disclosures regarding the company's defined benefit pension scheme are required under the transitional provisions of Financial Reporting Standard No 17 (FRS 17) "Retirement benefits" and these are set out below. The disclosures relate to the second year of the transitional provisions. They provide information which will be necessary for full implementation of FRS 17 in the year ending 31 December 2003.

The actuarial valuation described above has been updated at 31 December 2002 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 17. Investments have been valued, for this purpose, at fair value.

The major assumptions used for the actuarial valuation were:

	2002	2001
Rate of increase in salaries	3.4%	3.7%
Rate of increase in pensions in payment	2.4%	2.7%
Discount rate	5.3%	6.2%
Inflation assumption	2.4%	2.7%

The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at the balance sheet date were:

	2002		2001	
	%	£'000	%	£'000
Equities	7.0	1,768	7.2	2,053
Bonds	5.0	1,297	6.2	1,085
Property	7.0	707	7.2	581
Cash	4.0	157	3.0	155
Total fair value of assets		3,929		3,874
Present value of scheme liabilities		(6,605)		(4,766)
Deficit in the scheme		(2,676)		(892)
Related deferred tax asset		803		267
Net pension liability		(1,873)		(625)

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

16. PENSIONS (CONTINUED)

Analysis of the amount that would have been charged under FRS17:

	2002 £'000
Current service cost	585
Past service cost	-
Total operating charge	<u>585</u>

Analysis of the amount that would have been charged to net finance income under FRS17:

	2002 £'000
Expected return on pension scheme assets	282
Interest on pension scheme liabilities	<u>(311)</u>
Net charge	<u>(29)</u>

Analysis of the actuarial loss that would have been recognised in the statement of total recognised gains and losses:

	2002 £'000
Actual return less expected return on pension scheme assets	(830)
Experience gains and losses arising on scheme liabilities	89
Changes in assumptions underlying present value of scheme liabilities	<u>(1,113)</u>
Actuarial loss recognised in the statement of total recognised gains and losses	<u>(1,854)</u>

Movement in deficit during the year:

	2002 £'000
Deficit in scheme at beginning of year	(892)
Current service cost	(585)
Contributions	684
Past service costs	-
Other finance income	(29)
Actuarial loss	<u>(1,854)</u>
	<u>(2,676)</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2002**16. PENSIONS (CONTINUED)**

History of experience gains and losses:

	2002 %	2002 £'000
Difference between expected and actual return on Scheme assets		(830)
Percentage of scheme assets	(21%)	
Experience gains and losses on scheme liabilities		89
Percentage of present value of scheme liabilities	1%	
Total amount recognised in statement of total recognised gains and losses		(1,854)
Percentage of present value of scheme liabilities	(25%)	

The contribution rate for 2002 was 25.3% (2001: 25.3%) of pensionable earnings and the agreed contribution rate is 25.3% until March 2003, and 21.9% from April 2003 (2001: 25.3%) of pensionable earnings, for 4 years.

The above statements are made in compliance with FRS17. However, under current legislation, the Company's obligation to fund the Pension Scheme is defined by the Minimum Funding Requirement (MFR). The Company's agreed contribution rate has been certified as sufficient to meet the requirements of MFR. The Scheme's funding position is next formally to be reviewed as at 1 July 2003.

As required by SSAP24, the figures included in the accounts in respect of the company pension scheme are based on an actuarial valuation carried out at 1 July 2000. This does not take into account any impact of the fall in general stock market values since that date. Any such impact will be reflected in the next SSAP 24 triennial valuation as at 1 July 2003 based upon which subsequent pension costs will be determined until the adoption of FRS 17.

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

17. RECONCILIATION OF SURPLUS FROM OPERATIONS TO OPERATING CASH FLOWS

	2002 £'000	2001 £'000
Surplus from operations	168	71
Depreciation charges	507	409
Profit on sale of tangible fixed assets	(35)	(11)
(Increase)/decrease in stocks	(23)	17
Increase in debtors	(41)	(2,294)
Increase in creditors	1,050	1,860
Net cash inflow from operating activities	<u>1,626</u>	<u>52</u>

18. ANALYSIS OF CASH FLOWS

	2002 £'000	2001 £'000
<i>Returns on investments and servicing of finance</i>		
Interest received	57	56
Interest paid	(16)	(18)
Interest element of finance lease rentals	(49)	(38)
Net cash outflow	<u>(8)</u>	<u>-</u>
<i>Capital expenditure and financial investment</i>		
Purchase of tangible fixed assets	(655)	(446)
Proceeds from the sale of tangible fixed assets	36	19
Net cash (outflow)/inflow	<u>(619)</u>	<u>(427)</u>
<i>Financing</i>		
Increase in secured loan	70	130
Capital element of finance lease rental payments, and finance lease receipts	(298)	(237)
Net cash outflow	<u>(228)</u>	<u>(107)</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

19. NET DEBT

(a) Analysis of net debt

	1 January 2002 £'000	Cashflow £'000	Other non-cash charges £'000	31 December 2002 £'000
Cash at bank and in hand	-	805	-	805
Bank overdraft	(23)	(34)	-	(57)
	(23)	771	-	748
Debt due after 1 year	(225)	(53)	-	(278)
Debt due within 1 year	(175)	(17)	-	(192)
Finance leases	(518)	298	(815)	(1,035)
Net debt	(941)	999	(815)	(757)

(b) Reconciliation of net cash flow to movement in net debt

	2002 £'000	2001 £'000
Increase (decrease) in cash in the year	771	(482)
Cash inflow from increase in bank loan	(70)	(130)
Cash outflow from finance lease repayments	298	237
	999	(375c)
Change in net debt resulting from cash flows	(815)	(448)
New finance leases		
	184	(823)
Movement in net debt in the year	(941)	(118)
Net debt at beginning of year		
	(757)	(941)

20. MAJOR NON-CASH TRANSACTIONS

During the year the company entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £815,000 (2001: £448,000).