

Caparo Merchant Bar Plc

Directors' report and financial statements

For the year ended 31 December 1996

Registered number 1860172



CAPARO MERCHANT BAR PLC

Directors' report and financial statements

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CAPARO MERCHANT BAR PLC

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1996.

Principal activity

The principal activity of the company is the operation of merchant bar rolling mills for the production and sale of steel flats, light sections and bars.

Business review

The results for the year are shown in the profit and loss account on page 5. The profit after taxation for the year was £3,840,000 (1995: £7,928,000).

The directors are satisfied with the results for the year under review and are confident of future prospects.

Dividends

A final dividend of £7.297 per share was paid on 16 December 1996.

Fixed assets

In the opinion of the directors, the value of tangible fixed assets at 31 December 1996 is not significantly different from that included in the financial statements.

Directors and directors' interests

The directors of the company who held office during the year were as follows:

The Lord Paul of Marylebone, Padma Bhushan	(president) (resigned and became Emeritus President 8 May 1996)
The Honourable Akash Paul	(chairman)
The Honourable Ambar Paul	(appointed 8 May 1996)
The Honourable Angad Paul	(appointed 8 May 1996)
PF Lormor	(chief executive)
R Morley	
AP Pedder	
MD Simmons	
AR Thackery	(alternative to AP Pedder)
JAH Wraith	
B Pearson	
MR Taylor	
SB Leyland	(resigned 20 May 1997)

In addition GW Prentice was appointed a director of the company on 20 May 1997.

None of the directors had any interest in the share capital of the company during the year.

CAPARO MERCHANT BAR PLC

Directors' report (*Continued*)

Directors and directors' interests (*continued*)

The shareholding interests of The Lord Paul of Marylebone, The Honourable Akash Paul, The Honourable Ambar Paul and The Honourable Angad Paul in the share capital of the ultimate parent company, Caparo Group Limited, are shown in the directors' report of that company. No other directors held shareholding interests in the share capital of Caparo Group Limited.

None of the directors had any interests in the share capital of any subsidiary company of Caparo Group Limited.

Employment policies

The company is an equal opportunity employer and makes every effort to ensure disabled people are not discriminated against on the grounds of their disability. In the event of staff becoming disabled, every effort is made to ensure that their employment continues and appropriate training is arranged.

The company operates a harmonised employment package based on maximum flexibility and reward for excellence. The harmonised package enables each and every employee to enjoy the same holiday and sickness benefit and the benefits of a registered profit related pay scheme which qualifies for income tax relief in accordance with the Inland Revenue rules.

Personnel

The number of employees and their remuneration is shown in note 4 to the financial statements.

The importance of health and safety matters is recognised by the company, which continues to provide and maintain safe and healthy working conditions.

All employees are covered by a non-contributory private medical care scheme.

The company continues to achieve active consultation with employees at all levels and holds monthly Works Council meetings.

The company actively encourages personnel training and development and is recognised as a training centre by META and SIQB. The company has a number of employees pursuing NVQ studies and it was recognised in 1993 as an Investor in People. The recognition for Investor in People was confirmed by reassessment in 1996.

Charitable and political contributions

Donations to UK charities amounted to £237,000 (1995: £238,000). The company made no political contributions during the year.

Policy on payment of creditors

It is the company's policy to settle all trade creditors within the normal commercial terms of trade agreed with each supplier.

CAPARO MERCHANT BAR PLC

Directors' report (*Continued*)

Directors' 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 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 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

In accordance with Section 384 of the Companies Act 1985 a resolution for the re-appointment of BDO Stoy Hayward as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board 2 June 1997.



GW Prentice
Company Secretary

Caparo House
103 Baker Street
London
W1M 2LN

2 June 1997

Auditors' report to the members of Caparo Merchant Bar Plc

We have audited the financial statements on pages 5 to 20 which have been prepared under the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 3, the directors 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 an 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 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 company's affairs as at 31 December 1996 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD
*Chartered Accountants
and Registered Auditor*
Nottingham

14 JULY 1997

CAPARO MERCHANT BAR PLC

Profit and loss account for the year ended 31 December 1996

	Note	1996 £'000	1995 £'000
Turnover	2	75,859	79,176
Cost of sales		(61,088)	(57,677)
Gross profit		14,771	21,499
Distribution costs		(5,543)	(6,174)
Administrative expenses		(3,054)	(3,339)
Operating profit		6,174	11,986
Other interest receivable and similar income	5	374	435
Interest payable and similar charges	6	(755)	(316)
Profit on ordinary activities before taxation	7	5,793	12,105
Tax on profit on ordinary activities	8	(1,953)	(4,177)
Profit on ordinary activities after taxation		3,840	7,928
Dividends paid	9	(18,000)	-
(Deficit)/retained profit for the financial year	17	(14,160)	7,928

The above results all relate to continuing activities.

There are no recognised gains or losses other than the result for the year as shown above.

CAPARO MERCHANT BAR PLC

Note of historical cost profits and losses and reconciliation of movements in shareholders' funds for the year ended 31 December 1996

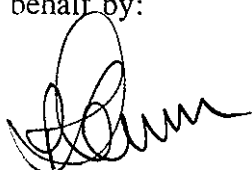
	1996 £'000	1995 £'000
Reported profit on ordinary activities before taxation	5,793	12,105
Differences between actual and historical cost depreciation	522	620
Historical cost profit on ordinary activities before tax	<u>6,315</u>	<u>12,725</u>
Historical cost (deficit)/retained profit for the year after taxation and dividends	<u>(13,638)</u>	<u>8,548</u>
Reconciliation of movements in shareholders' funds for the year ended 31 December 1996		
Profit for the financial year	3,840	7,928
Dividends	(18,000)	-
Net movement in to shareholders' funds	<u>(14,160)</u>	<u>7,928</u>
Opening shareholders' funds	<u>32,699</u>	<u>24,771</u>
Closing shareholders' funds	<u>18,539</u>	<u>32,699</u>

CAPARO MERCHANT BAR PLC

Balance sheet at 31 December 1996

	Note	1996 £'000	1995 £'000
Fixed assets			
Tangible assets	10	22,437	24,061
Current assets			
Stocks	11	6,403	5,392
Debtors	12	18,847	36,475
Cash at bank and in hand		777	2,584
		<u>26,027</u>	<u>44,451</u>
Creditors: amounts falling due within one year	13	(21,247)	(25,527)
Net current assets		<u>4,780</u>	<u>18,924</u>
Total assets less current liabilities		<u>27,217</u>	<u>42,985</u>
Creditors: amounts falling due after more than one year	14	(5,733)	(7,240)
Provisions for liabilities and charges			
Deferred taxation	15	(2,945)	(3,046)
Net assets		<u>18,539</u>	<u>32,699</u>
Capital and reserves - equity			
Called up share capital	16	2,467	2,467
Share premium account	17	1,553	1,553
Revaluation reserve	17	6,774	7,157
Profit and loss account	17	7,745	21,522
		<u>18,539</u>	<u>32,699</u>

These financial statements were approved by the board of directors on 2 June 1997 and were signed on its behalf by:



PF Lormor
Director

CAPARO MERCHANT BAR PLC

Cash flow statement for the year ended 31 December 1996

	Note	1996 £'000	1995 £'000
Net cash inflow from operating activities	22	6,386	14,234
Return on investments and servicing of finance			
Interest paid		(744)	(304)
Interest received		374	435
Interest element of finance lease rental payments		(11)	(12)
Dividends paid		(21,000)	-
Net cash (outflow)/inflow from returns on investments and servicing of finance		(21,381)	119
Taxation			
Corporation tax paid		(3,710)	(3,902)
Investing activities			
Purchase of tangible fixed assets		(463)	(7,528)
Sale of tangible fixed assets		1	14
Repayment/(advances) to immediate parent undertaking		13,050	(7,500)
Repayment/(advances) to related undertaking		4,350	(2,500)
Net cash inflow/(outflow) from investing activities		16,938	(17,514)
Net cash outflow before financing		(1,767)	(7,063)
Financing			
Bank loan		-	6,000
Capital element of finance lease rental	23	(29)	(39)
Net cash (outflow)/inflow from financing		(29)	5,961
Decrease in cash and cash equivalents	24	(1,796)	(1,102)

CAPARO MERCHANT BAR PLC

Notes forming part of the financial statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and are in accordance with applicable accounting standards.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of services to customers during the year.

Depreciation

Depreciation is provided by the company to write off the cost or valuation of tangible fixed assets by equal instalments over their estimated useful economic lives, as follows:

Freehold buildings	- 2%
Plant and machinery	- 5-20%
Rolls	- 25%
Vehicles and mobile plant	- 15-25%
Computer equipment	- 20-33%
Computer software	- 33%

No depreciation is provided on freehold land.

Stocks

Stocks are stated at the lower of cost and net realisable value. For finished goods manufactured by the company, cost is taken as direct material, direct labour and an appropriate proportion of manufacturing overheads.

Net realisable value is based on estimated selling prices less further costs to completion and sale.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date except where they are covered by forward contracts when the forward rate is used. Any gains or losses on translation are included in the profit and loss account.

CAPARO MERCHANT BAR PLC

Notes forming part of the financial statements (*Continued*)

1 Accounting policies (*Continued*)

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to trading profit over the estimated useful economic lives of the assets to which they relate. All other grants are released to the profit and loss account on a cash received basis provided there is an unconditional agreement with the appropriate authority.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Further instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account and the capital element, which reduces the outstanding obligation for future instalments.

All other leases are accounted for as "operating leases" and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Pension costs

The company is a member of a group operated defined benefit pension scheme.

The group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group. Contributions to the defined benefit scheme, which is fully funded, are based on pension costs across the group as a whole. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability or asset will crystallise.

Advanced corporation tax and taxation losses are carried forward against this provision to the extent that they are expected to be recoverable in the foreseeable future.

CAPARO MERCHANT BAR PLC

Notes forming part of the financial statements (Continued)

2 Analysis of turnover

All of the company's turnover and profits are derived in the United Kingdom from its principal activity and an analysis of turnover destination by geographical market is:

	1996 £'000	1995 £'000
UK	42,599	36,966
Rest of Europe	31,353	39,292
Other	1,907	2,918
	<u>75,859</u>	<u>79,176</u>

3 Directors' emoluments

	1996 £'000	1995 £'000
Remuneration as executives	<u>399</u>	<u>440</u>

The emoluments, excluding pension contributions, of the chairman were £Nil (1995: £Nil) and those of the highest paid director were £87,351 (1995: £100,676). The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid director) were within the following ranges:

	Number of directors	
	1996	1995
£ 0 - £ 5,000	7	7
£ 50,001 - £ 55,000	5	-
£ 55,001 - £ 60,000	-	5
£ 85,001 - £ 90,000	1	-
£100,001 - £105,000	-	1
	<u>-</u>	<u>1</u>

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	1996	1995
Production	157	143
Administration	21	20
	<u>178</u>	<u>163</u>

CAPARO MERCHANT BAR PLC

Notes forming part of the financial statements (*Continued*)

4 Staff numbers and costs (*Continued*)

The aggregate payroll costs of these persons were as follows:

	1996 £'000	1995 £'000
Wages and salaries	3,382	3,758
Social security costs	260	255
Other pension costs	335	270
	<u>3,977</u>	<u>4,283</u>

5 Other interest receivable and similar income

Bank deposit interest	7	16
Receivable from parent undertaking	367	419
	<u>374</u>	<u>435</u>

6 Interest payable and similar charges

Bank overdrafts	744	304
Finance charges payable in respect of finance leases	11	12
	<u>755</u>	<u>316</u>

7 Profit on ordinary activities before taxation

*Profit on ordinary activities before taxation
is stated after charging/(crediting):*

Depreciation and amortisation of owned assets	1,650	1,304
Deprecation of finance lease assets	448	445
Profit on sale of tangible fixed assets	(1)	-
Plant hire:		
- Finance lease charges	11	12
Operating lease rentals:		
- Other	151	140
- Plant	41	48
Auditors' remuneration	14	14
	<u></u>	<u></u>

Auditors' remuneration paid to KPMG for non-audit services during the year amounted to £9,982 (1995: £23,664).

CAPARO MERCHANT BAR PLC

Notes forming part of the financial statements (*Continued*)

8 Tax on profit on ordinary activities

	1996 £'000	1995 £'000
UK corporation tax	2,196	3,712
Transfer to deferred taxation	(246)	404
Adjustment in respect of prior years:		
- Corporation tax	46	(43)
- Deferred taxation	(43)	104
	<u>1,953</u>	<u>4,177</u>

9 Dividends

Ordinary - paid £7.297 per share	<u>18,000</u>	<u>-</u>
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10 Tangible fixed assets

	Freehold land and buildings £'000	Plant and machinery £'000	Vehicles and mobile plant £'000	Total £'000
<i>Cost or valuation</i>				
At beginning of year	5,650	29,317	192	35,159
Additions	-	463	11	474
Disposals	-	(504)	(24)	(528)
At end of year	<u>5,650</u>	<u>29,276</u>	<u>179</u>	<u>35,105</u>
<i>Depreciation</i>				
At beginning of year	410	10,633	55	11,098
Charge for year	103	1,967	28	2,098
Disposals	-	(504)	(24)	(528)
At end of year	<u>513</u>	<u>12,096</u>	<u>59</u>	<u>12,668</u>
<i>Net book value</i>				
At 31 December 1996	<u>5,137</u>	<u>17,180</u>	<u>120</u>	<u>22,437</u>
At 31 December 1995	<u>5,240</u>	<u>18,684</u>	<u>137</u>	<u>24,061</u>

CAPARO MERCHANT BAR PLC

Notes forming part of the financial statements (*Continued*)10 Tangible fixed assets (*Continued*)

Included in the total net book value of plant and machinery is £1,486,368 (1995: £1,905,710) in respect of assets held under finance leases, all of which are held under secondary terms. Additionally, included in the total net book value of vehicles and mobile plant is £119,579 (1995: £137,176) in respect of assets held under finance leases.

Particulars relating to revalued assets are given below:

	Freehold land and buildings £'000	Plant and machinery £'000	Vehicles and mobile plant £'000	Total £'000
At 31 December 1996				
At cost	200	14,228	179	14,607
At valuation:				
- 1988	5,450	-	-	5,450
- 1990	-	15,048	-	15,048
	<u>5,650</u>	<u>29,276</u>	<u>179</u>	<u>35,105</u>
Historical cost at 31 December 1996	200	23,248	179	23,627
Accumulated depreciation based on historical cost	(20)	(8,780)	(60)	(8,860)
Historical cost net book value at 31 December 1996	<u>180</u>	<u>14,468</u>	<u>119</u>	<u>14,767</u>
Historical cost at 31 December 1995	200	22,822	190	23,212
Accumulated depreciation based on historical cost	(16)	(7,274)	(53)	(7,343)
Historical cost net book value at 31 December 1995	<u>184</u>	<u>15,548</u>	<u>137</u>	<u>15,869</u>

CAPARO MERCHANT BAR PLC

Notes forming part of the financial statements *(Continued)*

11 Stocks

	1996 £'000	1995 £'000
Raw materials and consumables	1,468	1,507
Rolls	390	503
Stores and spares	1,199	711
Finished goods	3,346	2,671
	<u>6,403</u>	<u>5,392</u>

12 Debtors

Trade debtors	8,626	8,733
Amounts owed by parent and fellow subsidiary undertakings	4,204	16,849
Amounts owed by ultimate parent company	3,000	3,000
Amounts owed by related undertaking	1,764	6,462
Other debtors	1,151	1,337
Prepayments and accrued income	102	94
	<u>18,847</u>	<u>36,475</u>

The loan owed by the ultimate parent undertaking is repayable on demand. Interest on the loan is charged at a commercial margin over bank base lending rates.

Included within amounts owed by parent and fellow subsidiary undertakings is £2,700,000 owed by the immediate parent undertaking, within the amounts due from the related undertaking is £900,000 both of which are non-interest bearing advances repayable on demand.

All other amounts are recoverable in less than one year.

13 Creditors: amounts falling due within one year

	1996 £'000	1995 £'000
Bank loan (note 14)	1,500	-
Bank overdraft	149	160
Trade creditors	5,335	4,904
Amounts owed to fellow subsidiary undertakings	1	2
Amounts owed to related undertaking	10,455	11,192
Obligations under finance leases	24	27
Other creditors	683	1,479
Corporation tax	2,194	3,850
Other taxation and social security	178	174
Accruals and deferred income	728	739
Proposed dividends	-	3,000
	<u>21,247</u>	<u>25,527</u>

CAPARO MERCHANT BAR PLC

Notes forming part of the financial statements *(Continued)*

14 Creditors: amounts falling due after more than one year

	1996 £'000	1995 £'000
Bank loan	4,500	6,000
Other creditors	1,138	1,130
Obligations under finance leases	95	110
	<u>5,733</u>	<u>7,240</u>

The bank loan is repayable as follows:

In less than one year	1,500	-
Between one and two years	1,500	1,500
Between two and five years	3,000	4,500
	<u>6,000</u>	<u>6,000</u>

Finance leases are secured on the assets to which they relate and are materially repayable within five years.

15 Provisions for liabilities and charges

	Deferred taxation £'000
At beginning of year	3,046
Charge to profit and loss account	(289)
ACT	188
At end of year	<u>2,945</u>

	1996		1995	
	Amount unprovided £'000	Amount provided £'000	Amount unprovided £'000	Amount provided £'000
Accelerated capital allowances	66	3,712	66	3,771
Short term timing differences	-	(767)	-	(537)
On revaluation of land and buildings	1,629	-	1,663	-
ACT recoverable	-	-	-	(188)
	<u>1,695</u>	<u>2,945</u>	<u>1,729</u>	<u>3,046</u>

CAPARO MERCHANT BAR PLC

Notes forming part of the financial statements *(Continued)*

16 Called up share capital

	1996 £'000	1995 £'000
<i>Authorised:</i>		
2,500,000 ordinary shares of £1 each	2,500	2,500
<i>Allotted, called up and fully paid:</i>		
2,466,667 ordinary shares of £1 each	2,467	2,467

17 Reserves

	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At beginning of year	1,553	7,157	21,522	30,232
Deficit for the year	-	-	(14,160)	(14,160)
Release of revaluation reserve (net of deferred taxation)	-	(383)	383	-
At end of year	1,553	6,774	7,745	16,072

18 Commitments

(i) Capital commitments at the end of the financial year are as follows:

	1996 £'000	1995 £'000
Contracted but not provided for	737	466

(ii) Financial commitments at the end of the financial year are as follows:

	1996 £'000
Foreign exchange contracts	5,543

CAPARO MERCHANT BAR PLC

Notes forming part of the financial statements *(Continued)*

18 Commitments *(Continued)*

(ii) Annual commitments under non-cancellable operating leases are as follows:

	1996		1995	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Group				
Operating leases which expire:				
Within one year	-	11	-	13
Over five years	140	-	140	-
	<u>140</u>	<u>11</u>	<u>140</u>	<u>13</u>

19 Pension scheme

The company participates in the immediate parent company's defined benefit pension scheme which provides benefits based on final pensionable pay, contributions being charged to the profit and loss account so as to spread the cost of pensions over employees working lives with the company.

The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 31 March 1994. The significant assumption which affects the valuation was that the rate of return on investments would be higher than salary increases by 2%.

The most recent actuarial valuation showed that the market value of the scheme's assets was £44,904,000 and that the actuarial value of those assets represented 133% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of employees will remain at approximately 5% of earnings.

Contributions amounting to £43,890 (1995: £44,462) were payable to the scheme and are included in creditors.

CAPARO MERCHANT BAR PLC

Notes forming part of the financial statements (*Continued*)

20 Related party transactions

The company traded with the following companies during the year as follows:

	Net goods and services (bought)/sold £'000	Debtor/ (creditor) at 31 December 1996 £'000
Fellow members of Caparo Group Limited	4,007	1,503

The company traded with related parties during the year as follows:

British Steel Plc	(36,848)	(9,591)
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All transactions took place under normal commercial terms.

21 Ultimate parent company

The company is a subsidiary undertaking of Caparo Industries Plc.

The largest group, in which the results of the company are consolidated, is that headed by Caparo Group Limited. The smallest group in which they are consolidated is that headed by Caparo Industries Plc.

Copies of the ultimate parent company's financial statements can be obtained from:

Caparo House
103 Baker Street
London
W1M 2LN

22 Reconciliation of operating profit to net cash inflow from operating activities

	1996 £'000	1995 £'000
Operating profit	6,174	11,986
Profit on sale of tangible fixed assets	(1)	-
Depreciation charge	2,098	1,749
Increase in stocks	(1,011)	(1,967)
Decrease/(increase) in debtors	228	(901)
(Decrease)/increase in creditors	(1,102)	3,367
	<u>6,386</u>	<u>14,234</u>

CAPARO MERCHANT BAR PLC

Notes forming part of the financial statements *(Continued)*

23 Analysis of changes in financing during the year

	Bank loan £'000	Loans and finance lease obligations £'000
Balance at 1 January 1995	-	116
Cash outflow from financing	-	(39)
Inception of finance lease contracts	-	60
Loan taken out during year	6,000	-
	<u>6,000</u>	<u>137</u>
Balance at 31 December 1995		
Cash outflow from financing	-	(29)
Inception of finance lease contracts	-	11
	<u>6,000</u>	<u>119</u>
Balance at 31 December 1996		

24 Analysis of changes in cash and cash equivalents

	1996 £'000	1995 £'000
Balance at beginning of year	2,424	3,526
Net cash outflow	(1,796)	(1,102)
	<u>628</u>	<u>2,424</u>
Balance at end of year		

25 Analysis of changes in cash and cash equivalents as shown in the balance sheet

	1996 £'000	Change in year £'000	1995 £'000
Cash at bank and in hand	777	(1,807)	2,584
Bank overdraft	(149)	11	(160)
	<u>628</u>	<u>(1,796)</u>	<u>2,424</u>