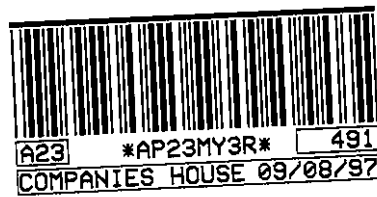


COMPANY REGISTRATION NUMBER:  
2120366

MARK ALLEN HOLDINGS LIMITED AND SUBSIDIARIES

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 1997



**Mark Allen Holdings Limited and Subsidiaries**  
**Directors' report**

The directors present their annual report and audited accounts of the company and the group for the year ended 31 March 1997.

**Principal activity**

The group is engaged in the publication of medical, leisure and trade journals, the organisation of medical conferences and the provision of tour operator services.

**Review of the business**

The group has experienced a difficult trading year in its operations but the directors are confident that all aspects of the business will improve in the year ahead.

Sufficient finance is available to take advantage of future business opportunities, and the directors consider the state of affairs to be satisfactory.

The results for the year are shown in the profit and loss account.

**Directors and their interests**

The directors in office in the year and their beneficial interests in the company's issued ordinary share capital were as follows:-

	<u>31 March 1997</u>	<u>1 April 1996</u>
M Allen	19,982	19,982
S Allen	18	18

**Fixed assets**

Changes in fixed assets are given in notes 8, 9 and 10 to the accounts.

In the opinion of the directors the value of the freehold property is not materially different from the book value included in these accounts.

**Dividends**

The directors do not recommend the payment of a dividend.

**Directors' responsibilities**

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

**Mark Allen Holdings Limited and Subsidiaries**  
**Directors' report (continued)**

**Directors' responsibilities (Continued)**

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the accounts comply with the 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.

**Auditors**

The auditors, Hextall Meakin, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

Signed on behalf of  
the board of directors

A handwritten signature in dark ink, appearing to read 'M Allen', is written over the printed name and title.

**M Allen**  
**Director**

Approved by the board: 6 AUGUST 1997

# Hextall Meakin

## Chartered Accountants

Argon House, Argon Mews, Fulham Broadway, London SW6 1BJ  
Telephone: 0171 381 2022 Fax: 0171 385 1087

### **Auditors' report to the shareholders of Mark Allen Holdings Limited and Subsidiaries**

We have audited the accounts on pages 4 to 19 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out in note 1 to the accounts.

### **Respective responsibilities of directors and auditors**

As described on pages 1 and 2, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

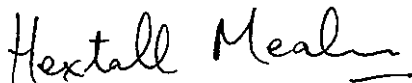
### **Basis of opinion**

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

### **Opinion**

In our opinion the accounts give a true and fair view of the state of the company's and the group's affairs as at 31 March 1997 and of their losses for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Hextall Meakin**  
**Chartered Accountants**  
**Registered Auditors**

Dated: 7 AUGUST 1997

T.C. Hextall FCA G.R. Meakin FCA

Taxation Specialists: D.F. Airey FCA FTII D.G. Windows FCA ATII

Also at Beckett House, 4 Bridge Street, Salisbury Wiltshire SP1 2LX Telephone (01722) 414445 Fax (01722) 414196

Registered to carry on audit work and authorised to carry on investment business by the Institute of Chartered Accountants in England and Wales.

**Mark Allen Holdings Limited and Subsidiaries**  
**Consolidated profit and loss account**  
**For the year ended 31 March 1997**

	<u>Notes</u>	<u>1997</u> £	<u>1996</u> £
Turnover	1 & 2	4,002,930	3,115,489
Cost of sales		<u>(3,245,467)</u>	<u>(2,556,932)</u>
<b>Gross Profit</b>		757,463	558,557
Operating expenses		<u>(868,003)</u>	<u>(694,777)</u>
Operating loss	3	(110,540)	(136,220)
Interest receivable and similar income		5,572	5,413
Interest payable and similar charges	4	<u>(27,102)</u>	<u>(27,782)</u>
<b>Loss on ordinary activities before taxation</b>		(132,070)	(158,589)
Taxation	7	<u>-</u>	<u>20,150</u>
<b>Loss on ordinary activities after taxation</b>		(132,070)	(138,439)
Retained profit brought forward		<u>110,826</u>	<u>249,265</u>
<b>Retained (loss)/profit carried forward</b>		<u>£ (21,244)</u>	<u>£ 110,826</u>

Turnover and operating loss derive wholly from continuing operations

The notes on pages 9 to 19 form part of these accounts

**Mark Allen Holdings Limited and Subsidiaries**  
**Statement of recognised gains and losses**  
**For the year ended 31 March 1997**

	<b><u>1997</u></b>	<b><u>1996</u></b>
	<b>£</b>	<b>£</b>
<b>Loss for the financial year</b>	(132,070)	(138,439)
<b>Unrealised surplus on revaluation of intangible fixed assets</b>	<u>1,798,019</u>	<u>-</u>
<b>Total gains and losses relating to the year</b>	<u>1,665,949</u>	<u>(138,439)</u>
<b>Total gains and losses recognised since last annual report</b>	<u>£ 1,665,949</u>	<u>£ (138,439)</u>

The notes on pages 9 to 19 form part of these accounts

**Mark Allen Holdings Limited and Subsidiaries**  
**Consolidated balance sheet**  
**As at 31 March 1997**

	<b>Notes</b>	<b>1997</b>	<b>1996</b>
		£	£
<b>Fixed assets</b>			
Intangible assets	8	4,501,020	2,696,501
Tangible assets	9	669,567	719,925
Investments	10	-	212,165
		<u>5,170,587</u>	<u>3,628,591</u>
<b>Current assets</b>			
Stocks	11	99,365	67,448
Debtors	12	894,565	556,601
Investments	13	217,637	-
Cash at bank and in hand		<u>235,132</u>	<u>41,594</u>
		1,446,699	665,643
<b>Creditors: amounts falling due within one year</b>	14	<u>(2,187,318)</u>	<u>(1,540,716)</u>
<b>Net current liabilities</b>		<u>(740,619)</u>	<u>(875,073)</u>
<b>Total assets less current liabilities</b>		4,429,968	2,753,518
<b>Creditors: amounts falling due after more than one year</b>	15	(159,793)	(149,292)
		<u>£ 4,270,175</u>	<u>£ 2,604,226</u>
<b>Capital and reserves</b>			
Called up share capital	16	20,000	20,000
Revaluation reserve	17	4,271,419	2,473,400
Profit and loss account		<u>(21,244)</u>	<u>110,826</u>
<b>Shareholders' funds</b>	18	<u>£ 4,270,175</u>	<u>£ 2,604,226</u>

Signed on behalf of the board of directors



**M Allen**  
**Director**

Approved by the board on: 6 August 1997

The notes on pages 9 to 19 form part of these accounts

**Mark Allen Holdings Limited and Subsidiaries**  
**Company balance sheet**  
**As at 31 March 1997**

	Notes	£	1997	£	£	1996	£
<b>Fixed assets</b>							
Investments	10			20,200			20,200
<b>Current assets</b>							
Debtors	12		100			100	
Cash at bank and in hand			3			19,033	
				103			19,133
<b>Creditors: amounts falling due within one year</b>	15		(1,964)			(20,966)	
<b>Net current (liabilities)</b>				(1,861)			(1,833)
<b>Total assets less current liabilities</b>				£ 18,339			£ 18,367
<b>Capital and reserves</b>							
Called up share capital	16			20,000			20,000
Profit and loss account				(1,661)			(1,633)
<b>Shareholders' funds</b>	18			£ 18,339			£ 18,367

Signed on behalf of the board of directors



**M Allen**  
**Director**

Approved by the board on: 6 AUGUST 1997

The notes on pages 9 to 19 form part of these accounts



**Mark Allen Holdings Limited and Subsidiaries**  
**Consolidated cash flow statement**  
**For the year ended 31 March 1997**

	<u>Notes</u>	<u>1997</u> £	<u>1996</u> £
Cash flow from operating activities	19	246,743	(45,720)
Returns on investments and servicing of finance	20	(21,530)	(22,369)
Taxation	20	18,226	(1,389)
Capital expenditure	20	<u>(28,056)</u>	<u>(76,290)</u>
		215,383	(145,768)
Financing	20	<u>(17,680)</u>	<u>(26,315)</u>
Increase/(decrease) in cash	21	<u>£ 197,703</u>	<u>£ (172,083)</u>

The notes on pages 9 to 19 form part of these accounts

**Mark Allen Holdings Limited and Subsidiaries**

**Notes to the accounts**

**For the year ended 31 March 1997**

**1. Accounting policies**

**(a) Basis of accounting**

The accounts have been prepared in accordance with applicable Accounting Standards and under the historical cost convention as modified by the revaluation of intangible fixed assets.

**(b) Consolidation**

The group accounts include the accounts of the company and its subsidiaries made up to the year ended 31 March 1997.

No profit and loss account for Mark Holdings Limited is presented as provided by section 230 of the Companies Act 1985. The company's loss for the year was £28 (1996: £34).

**(c) Turnover**

Turnover represents net invoiced value of goods and services provided excluding VAT.

**(d) Tangible fixed assets**

Depreciation is charged on tangible fixed assets so as to write off their full cost less estimated residual balance over their expected useful lives at the following annual rates:

Office equipment	20% on cost
Fixtures and fittings	20% on cost
Motor vehicles	25% on cost
Freehold properties	Over 10 years

**(e) Intangible fixed assets**

Publishing rights and titles which have no finite life are valued annually by the directors and shown in the accounts at valuation. The valuation is based on a standard market valuation in the publishing industry based on a multiple of profits before overheads.

**(f) Investments**

Fixed asset investments are stated at cost less any provision for permanent diminution in value.

**(g) Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**(h) Leases**

Assets held under finance leases and hire purchase contracts are included in tangible fixed assets and depreciated using the appropriate rates. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. Finance charges are taken to the profit and loss account so that the annual rate of change of the outstanding obligation at the end of each accounting period is approximately constant.

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred.

**Mark Allen Holdings Limited and Subsidiaries****Notes to the accounts ( continued)****For the year ended 31 March 1997****1. Accounting policies ( continued)****(i) Pension costs**

The company operates a defined contribution pension scheme for its senior executives. Contributions are charged to the profit and loss account for the year in which they are payable to the scheme.

**2. Turnover****(a) Geographically**

Turnover was wholly attributable to geographical markets inside the United Kingdom, (1996: Nil outside the United Kingdom).

**(b) Class of business**

	<b><u>1997</u></b>	<b><u>1996</u></b>
	<b>£</b>	<b>£</b>
<b>Turnover</b>		
Publishing	3,465,975	2,711,920
Conferences	125,806	174,513
Travel	411,149	229,056
	<hr/>	<hr/>
	£ 4,002,930	£ 3,115,489
	<hr/>	<hr/>
<b>Profit/(loss) before tax</b>		
Publishing	(111,938)	(162,899)
Conferences	6,584	38,970
Travel	(26,716)	(34,660)
	<hr/>	<hr/>
	£ (132,070)	£ (158,589)
	<hr/>	<hr/>

**3. Operating loss**

	<b><u>1997</u></b>	<b><u>1996</u></b>
	<b>£</b>	<b>£</b>
The operating loss is stated after charging:		
Depreciation of tangible fixed assets:		
- owned	49,295	55,970
- held under finance leases and hire purchase contracts	31,187	28,764
Equipment rentals	-	21
Profit on disposal of fixed assets	-	(55,019)
Auditors' remuneration	7,500	7,626
	<hr/>	<hr/>

**Mark Allen Holdings Limited and Subsidiaries**

**Notes to the accounts ( continued)**

**For the year ended 31 March 1997**

**4. Interest payable**

	<b><u>1997</u></b>	<b><u>1996</u></b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	10,259	7,934
Other loans	10,238	11,073
On finance leases and other hire purchase contracts	6,605	8,775
	<hr/>	<hr/>
	£ 27,102	£ 27,782
	<hr/>	<hr/>

**5. Staff costs**

Staff costs including directors remuneration, were as follows:

	<b><u>1997</u></b>	<b><u>1996</u></b>
	<b>£</b>	<b>£</b>
Wages and salaries	939,221	729,109
Social security costs	95,753	71,559
Pensions	29,984	23,323
	<hr/>	<hr/>
	£ 1,064,958	£ 823,991
	<hr/>	<hr/>

The average number of persons employed by the group (including directors) was as follows:

	<b><u>1997</u></b>	<b><u>1996</u></b>
	<b>No</b>	<b>No</b>
Distribution and sales	40	35
Administration	12	12
	<hr/>	<hr/>
	52	47
	<hr/>	<hr/>

**6. Directors' remuneration**

	<b><u>1997</u></b>	<b><u>1996</u></b>
	<b>£</b>	<b>£</b>
Emoluments	194,963	155,046
Contributions under money purchase scheme	29,984	23,323
	<hr/>	<hr/>
	£ 224,947	£ 178,369
	<hr/>	<hr/>

**Mark Allen Holdings Limited and Subsidiaries**  
**Notes to the accounts ( continued)**  
**For the year ended 31 March 1997**

<b>7. Taxation</b>	<b><u>1997</u></b>	<b><u>1996</u></b>
	<b>£</b>	<b>£</b>
UK Corporation tax at 31%/33%	£ -	£ (20,150)
	<hr/>	<hr/>

No provision for corporation tax has been made as the group has available losses to carry forward.

<b>8. Intangible fixed assets</b>	<b><u>Total</u></b>
	<b>£</b>
Publishing rights and titles	
<b>Cost or valuation</b>	
At 1 April 1996	2,696,501
Additions	6,500
Revaluation	<u>1,798,019</u>
<b>At 31 March 1997</b>	<b>£ 4,501,020</b>
	<hr/>

Publishing rights and titles are revalued annually and shown in the accounts at valuation. Net surpluses are credited to the revaluation reserve.

The directors are confident that the total valuation shown is not less than the value which would be realised if the publishing rights and titles were to be sold.

The cost of the publishing rights and titles was £229,601. If the publishing rights and titles were to be sold at the book value, the estimated tax charge would be £1.3m

**Mark Allen Holdings Limited and Subsidiaries**  
**Notes to the accounts ( continued)**  
**For the year ended 31 March 1997**

**9. Tangible fixed assets**

	<u>Freehold</u> <u>Property</u> <u>£</u>	<u>Office</u> <u>Machinery &amp;</u> <u>Equipment</u> <u>£</u>	<u>Fixtures</u> <u>&amp; fittings</u> <u>£</u>	<u>Motor</u> <u>Vehicles</u> <u>£</u>	<u>Total</u> <u>£</u>
<b>Cost</b>					
At 1 April 1996	441,262	245,125	75,920	237,413	999,720
Additions	1,500	18,218	4,485	23,745	47,948
<b>At 31 March 1997</b>	442,762	263,343	80,405	261,158	1,047,668
<b>Depreciation</b>					
At 1 April 1996	-	85,975	15,691	178,129	279,795
Charge for year	5,000	49,337	14,803	29,166	98,306
<b>At 31 March 1997</b>	5,000	135,312	30,494	207,295	378,101
<b>Net book value</b>					
At 31 March 1997	£ 437,762	£ 128,031	£ 49,911	£ 53,863	£ 669,567
<i>At 31 March 1996</i>	<i>£ 441,262</i>	<i>£ 159,150</i>	<i>£ 60,229</i>	<i>£ 59,284</i>	<i>£ 719,925</i>

**Assets held under finance leases and hire purchase contracts**

Included in office machinery and equipment and motor vehicles are assets which have a net book value of £50,984 (1996: £58,155) and £45,720 (1996: £37,789) respectively which are held under finance leases and hire purchase contracts.

**10. Investments**

	<u>Subsidiary</u> <u>Undertaking</u> <u>£</u>	<u>Group</u> <u>Other listed</u> <u>Investments</u> <u>£</u>	<u>Total</u> <u>£</u>
<b>Cost</b>			
At 1 April 1996	-	212,165	212,165
Additions	-	5,472	5,472
Transfer to current assets	-	(217,637)	(217,637)
<b>At 31 March 1997</b>	£ -	£ -	£ -

**Mark Allen Holdings Limited and Subsidiaries**  
**Notes to the accounts ( continued)**  
**For the year ended 31 March 1997**

**10. Investments (continued)**

	<u>Subsidiary</u> <u>Undertaking</u> £	<u>Company</u> <u>Other listed</u> <u>Investments</u> £	<u>Total</u> £
At 1 April 1996 and 31 March 1997	£ 20,200	£ -	£ 20,200

**Subsidiary undertaking**

<b>Name of Company</b>	<b>Nature of business</b>
Mark Allen Publishing Limited	Publication of medical and leisure trade journals
Mark Allen Scientific Publishing Limited	Publication of scientific and medical journals
Mark Allen International Conferences Limited	Organisation and promotion of conferences
Master Travel Limited	Tour operator

**Other investments**

The investments comprise shares held in offshore funds, the market value of which at 31 March 1997 amounted to £244,566 (1996: £219,804).

The investments were sold after the year end and therefore have been transferred to current assets.

	<u>Group</u>		<u>Company</u>	
<b>11. Stocks</b>	<u>1997</u> £	<u>1996</u> £	<u>1997</u> £	<u>1996</u> £
Paper stock	55,871	37,795	-	-
Other stock	43,494	29,653	-	-
	£ 99,365	£ 67,448	£ -	£ -

	<u>Group</u>		<u>Company</u>	
<b>12. Debtors</b>	<u>1997</u> £	<u>1996</u> £	<u>1997</u> £	<u>1996</u> £
Trade debtors	687,310	363,443	-	-
Amounts owed by group undertakings	-	-	-	-
Unpaid share capital	100	100	100	100
Other debtors	207,155	193,058	-	-
	£ 894,565	£ 556,601	£ 100	£ 100

Mark Allen Holdings Limited and Subsidiaries  
Notes to the accounts ( continued)  
For the year ended 31 March 1997

13. Investments	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	£	£	£	£
Transferred from fixed asset investments	217,637	-	-	-
At 31 March 1997	£ 217,637	£ -	£ -	£ -

The investments comprise shares held in offshore funds, the market value of which at 31 March 1997 amounted to £244,566 (1996: £219,804).

The investments were sold on 6 June 1997 for £248,747.

14. Creditors: amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	£	£	£	£
Bank loans and overdrafts	172,771	170,936	-	-
Obligations under finance leases and hire purchase contracts	35,843	42,287	-	-
Trade creditors	477,775	404,123	-	-
Amounts owed to group undertakings	-	-	1,964	20,964
Other taxes and social security	108,138	29,397	-	-
Other creditors	-	461	-	2
Accruals	1,392,791	893,512	-	-
	£ 2,187,318	£ 1,540,716	£ 1,964	£ 20,966

15. Creditors: amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	£	£	£	£
Bank loans	23,379	-	-	-
Other loans	115,000	115,000	-	-
Obligations under finance leases and hire purchase contracts	21,414	34,292	-	-
	£ 159,793	£ 149,292	£ -	£ -



**Mark Allen Holdings Limited and Subsidiaries**  
**Notes to the accounts ( continued)**  
**For the year ended 31 March 1997**

**15. Creditors: amounts falling due after more than one year (continued)**

Included in other loans are the following amounts repayable otherwise than by instalments in more than five years:

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
In more than five years	£ 50,000	£ 50,000	£ -	£ -

**Obligations under finance lease and hire purchase contracts**

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	£	£	£	£
Repayable within one year	35,843	42,287	-	-
Repayable between one and two years	21,414	34,292	-	-
	£ 57,257	£ 76,579	£ -	£ -

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	£	£	£	£
Analysis of the maturity of debt				
Amounts due within one year	172,771	170,936	-	-
Amounts due between two and five years	88,379	65,000	-	-
Amounts due after more than five years	65,000	50,000	-	-
	£ 326,150	£ 285,936	£ -	£ -

The bank loans and overdrafts are secured by a fixed and floating charge over the group's assets and are repayable on demand. The finance leases and hire purchase contracts are secured on the assets concerned.

The bank loan is scheduled to be repaid in 2001, but is repayable on demand and under Paragraph 85 of Schedule 4 of the Companies Act 1985 should be shown under Creditors due within one year. Since the bank has indicated that it has no intention of applying for repayment of this loan before the due date it is included in Creditors falling due after more than one year.

Mark Allen Holdings Limited and Subsidiaries  
Notes to the accounts ( continued)  
For the year ended 31 March 1997

16. Share capital

	<u>Company</u>	
	<u>1997</u>	<u>1996</u>
	£	£
<b>Authorised</b>		
50,000 ordinary shares of £1 each	£ 50,000	£ 50,000
	<hr/>	<hr/>
<b>Allotted, issued and fully paid</b>		
20,000 ordinary shares of £1 each	£ 20,000	£ 20,000
	<hr/>	<hr/>

17. Revaluation reserve

	<u>Group</u>	<u>Company</u>
As at 1 April 1996	2,473,400	-
Revaluation of intangible fixed assets	1,798,019	-
As at 31 March 1997	£ 4,271,419	£ -
	<hr/>	<hr/>

18. Reconciliation of movements in shareholders' funds

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	£	£	£	£
<b>Loss for the year</b>	(132,070)	(138,439)	(28)	(34)
	(132,070)	(138,439)	(28)	(34)
Other recognised gains relating to the year	1,798,019	-	-	-
Issue of share capital at par	-	19,900	-	19,900
Net addition/(reduction) in shareholders' funds	1,665,949	(118,539)	(28)	19,866
Opening shareholders' funds	2,604,226	2,722,765	18,367	(1,499)
<b>Closing shareholders' funds</b>	£ 4,270,175	£ 2,604,226	£ 18,339	£ 18,367
	<hr/>	<hr/>	<hr/>	<hr/>

Mark Allen Holdings Limited and Subsidiaries  
Notes to the accounts ( continued)  
For the year ended 31 March 1997

**19. Reconciliation of operating loss to net cash flow from operating activities**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Operating loss	(110,540)	(136,220)
Depreciation of tangible fixed assets	80,482	84,734
Profit on sale of fixed assets	-	(55,019)
(Increase) in stock	(31,917)	(28,608)
(Increase) in debtors	(342,493)	(7,260)
Increase in creditors	651,211	96,653
<b>Cash flow from operating activities</b>	<b>£ 246,743</b>	<b>£ (45,720)</b>

**20. Gross cash flows**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	5,572	5,413
Interest paid	(20,497)	(19,007)
Interest element of finance lease rental payments	(6,605)	(8,775)
<b>Net cash outflow for interest</b>	<b>(21,530)</b>	<b>(22,369)</b>
<b>Taxation</b>		
UK corporation tax paid	18,226	(1,389)
<b>Capital expenditure</b>		
Payments to acquire intangible fixed assets	(6,500)	(6,500)
Payments to acquire tangible fixed assets	(16,084)	(151,405)
Payments to acquire investments	(5,472)	(5,412)
Receipts from sale of tangible fixed assets	-	87,027
<b>Net cash outflow for capital expenditure</b>	<b>(28,056)</b>	<b>(76,290)</b>
<b>Financing</b>		
Issue of share capital	-	19,900
New bank loan	29,379	-
Capital element of finance leases and hire purchase agreements	(47,059)	(46,215)
<b>Net cash outflow from financing</b>	<b>(17,680)</b>	<b>(26,315)</b>

**Mark Allen Holdings Limited and Subsidiaries**  
**Notes to the accounts ( continued)**  
**For the year ended 31 March 1997**

**21. Analysis of changes in net debt**

	<i>Balance 1 April 1996</i>	<i>Cash flows</i>	<i>Other changes</i>	<i>Balance 31 March 1997</i>
Cash in hand and at bank	41,594	193,538	-	235,132
Bank overdraft	(170,936)	4,165	-	(166,771)
	(129,342)	197,703	-	68,361
Debt due within one year	(42,287)	41,059	(40,605)	(41,843)
Debt due after more than one year	(149,292)	(23,379)	12,878	(159,793)
<b>Total</b>	<b>£ (320,921)</b>	<b>£ 215,383</b>	<b>£ (27,727)</b>	<b>£ (133,275)</b>

**22. Reconciliation of net cash flow to movement in net debt**

	<i>1997 £</i>	<i>1996 £</i>
Increase in cash in the year	197,703	(172,083)
New hire purchase agreements	(27,737)	(48,265)
New issued share capital	-	(19,900)
Cash paid in repaying finance leases and hire purchase contracts	47,059	40,265
New bank loans	(29,379)	-
Change in net debt	187,646	(199,983)
Net debt at 1 April 1996	(320,921)	(132,838)
<b>Net debt at 31 March 1997</b>	<b>£ (133,275)</b>	<b>£ (332,821)</b>

**23. Commitments**

- (a) The company has given an unlimited guarantee to secure the overdrafts of its subsidiaries.
- (b) The company has given a specific guarantee on behalf of Master Travel Limited to the Civil Aviation Authority in connection with the granting of an Air Travel Organisers Licence (ATOL).
- (c) The subsidiaries have given an unlimited guarantee to secure their own overdrafts and the overdrafts of other group undertakings.