

Company Number: 2571389

GeoAcoustics Limited

Abbreviated Financial Statements

for the year ended 30th April 2001



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GeoAcoustics Limited

Company Information

Company No: 2571389

Chairman

D R Stone

Registered Office

Shuttleworth Close
Gapton Hall Industrial Estate
Great Yarmouth
Norfolk
NR31 0NQ

Directors

D R Stone
Mrs S E Jermy
P I Hogarth

Secretary

P A Eagle

Auditors

Lovewell Blake
Sixty Six
North Quay
Great Yarmouth
Norfolk
NR30 1HE

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Directors' Report

for the year ended 30th April 2001

The directors submit their report together with the audited financial statements for the year ended 30th April 2001.

Directors' Statement

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 for that year. 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 to enable them to ensure 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.

Results and Dividends

The profit on the ordinary activities of the company before taxation amounted to £134,076. After deducting taxation, the profit of £136,391 has been transferred to reserves.

The directors do not recommend a dividend.

Principal Activity and Business Review

The principal activity of the company continued to be that of the manufacture and supply of seabed survey equipment.

The directors are satisfied with the results for the year and the year end position.

Research and Development

The company continues its programme of improving its product range and has commenced work on a further two development projects during the year.

Directors and their Interests

The directors who served during the year and their beneficial interests in the share capital of the company were as follows:

| | Ordinary shares of £1 each | |
|---------------|----------------------------|------|
| | 2001 | 2000 |
| | No. | No. |
| D R Stone | 510 | 510 |
| Mrs S E Jermy | 100 | 100 |
| P I Hogarth | 30 | 30 |

for the year ended 30th April 2001

Mr R L Morris, a partner in Lovewell Blake Chartered Accountants, is a trustee of a trust holding 510 ordinary shares.

Tax Status

The company is a close company as defined by S414 of the Income and Corporation Taxes Act 1988.


Auditors

The Auditors, Lovewell Blake Chartered Accountants, have indicated that they are willing to be reappointed at the forthcoming Annual General Meeting.

By Order of the Board:

P A Eagle, Secretary

11th December 2001


21/12/01

Auditors' Report to GeoAcoustics Limited under Section 247B of the Companies Act 1985

We have examined the abbreviated accounts set out on pages 4 to 17, together with the financial statements of the company for the year ended 30th April 2001 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

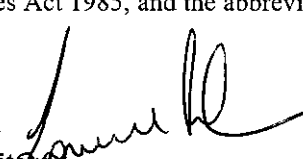

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 17 are properly prepared in accordance with that provision.

Lovewell Blake
Registered auditors

Sixty Six
North Quay
Great Yarmouth
Norfolk
NR30 1HE

12th December 2001

GeoAcoustics Limited

Profit and Loss Account

for the year ended 30 April 2001

| | Notes | 2001 £ | 2001 £ | 2000 £ | 2000 £ |
|--|-------|------------------|--------------------|------------------|--------------------|
| Gross profit | | | 1,558,198 | | 1,448,264 |
| Staff costs | 4 | (756,715) | | (694,766) | |
| Depreciation and amortisation | | (334,890) | | (263,941) | |
| Other operating charges | | <u>(312,951)</u> | | <u>(172,948)</u> | |
| | | | <u>(1,404,556)</u> | | <u>(1,131,655)</u> |
| Operating profit | | | 153,642 | | 316,609 |
| Interest receivable | | | 1,711 | | 455 |
| Interest payable | 5 | | <u>(21,277)</u> | | <u>(31,891)</u> |
| Profit on ordinary activities before taxation | | | 134,076 | | 285,173 |
| Taxation | 6 | | <u>2,315</u> | | <u>(56,145)</u> |
| Profit on ordinary activities after taxation | | | 136,391 | | 229,028 |
| Dividends | 7 | | <u>-</u> | | <u>(30,000)</u> |
| Retained profit for the Year | 19 | | <u>136,391</u> | | <u>199,028</u> |

All amounts relate to continuing activities

Total Recognised Gains and Losses
for the year ended 30th April 2001

| | 2001 £ | 2000 £ |
|--|----------------|----------------|
| Statement of Total Recognised Gains and Losses | | |
| Profit for the financial year | 136,391 | 229,028 |
| Total recognised gains since the last financial statements | <u>136,391</u> | <u>229,028</u> |
| Note of Historical Cost Profits and Losses | | |
| Profit on ordinary activities before taxation | 134,076 | 285,173 |
| Difference between historical cost depreciation charge and depreciation charge based on revalued amounts | 6,010 | 6,010 |
| Historical cost profit before taxation | <u>140,086</u> | <u>291,183</u> |
| Historical cost profit transferred to reserves | <u>142,401</u> | <u>205,038</u> |

Abbreviated Balance Sheet

as at 30th April 2001

| | Notes | 2001 £ | 2001 £ | 2000 £ | 2000 £ |
|--|-------|------------------|------------------|------------------|------------------|
| Fixed Assets | | | | | |
| Intangible fixed assets | 8 | | 762,052 | | 712,191 |
| Tangible fixed assets | 9 | | 779,387 | | 763,463 |
| Investments | 10 | | 40,250 | | 40,250 |
| | | | <u>1,581,689</u> | | <u>1,515,904</u> |
| Current Assets | | | | | |
| Stock | 12 | 671,311 | | 317,739 | |
| Debtors | 13 | 688,998 | | 1,100,903 | |
| Cash at bank and in hand | | 1,099 | | 110,073 | |
| | | <u>1,361,408</u> | | <u>1,528,715</u> | |
| Creditors: | | | | | |
| Amounts falling due within one year | 14 | (868,006) | | (1,040,697) | |
| Net Current Assets | | | <u>493,402</u> | | <u>488,018</u> |
| Total Assets Less Current Liabilities | | | <u>2,075,091</u> | | <u>2,003,922</u> |
| Creditors: | | | | | |
| Amounts falling due after more than one year | 15 | | (129,940) | | (195,712) |
| Provision for Liabilities and Charges | | | | | |
| Warranty provision | 17 | | (126,990) | | (126,440) |
| Net Assets | | | <u>1,818,161</u> | | <u>1,681,770</u> |
| Capital and Reserves | | | | | |
| Share capital | 18 | | 700 | | 700 |
| Revaluation reserve | 19 | | 234,380 | | 240,390 |
| Capital redemption reserve | 19 | | 300 | | 300 |
| Profit and loss account | 19 | | 1,582,781 | | 1,440,380 |
| Equity Shareholders' Funds | 20 | | <u>1,818,161</u> | | <u>1,681,770</u> |

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies.

These accounts were approved by the board on 11th December 2001.

D R Stone
Mrs S E Jermy
Directors

D R Stone 21/12/01
S. E. Jermy

GeoAcoustics Limited**Cash Flow Statement****for the year ended 30th April 2001**

| | Notes | 2001 £ | 2000 £ |
|--|-------|-----------|-----------|
| Cash Flow from Operating Activities | 23 | 356,463 | 480,683 |
| Returns on Investments and Servicing of Finance | 24 | (19,566) | (31,436) |
| Taxation | | (47,224) | (24,117) |
| Capital Expenditure and Financial Investment | 24 | (400,675) | (332,019) |
| Equity Dividends paid | | (10,000) | - |
| Cash (outflow)/inflow before use of liquid resources and financing | | (121,002) | 93,111 |
| Financing | 24 | (74,612) | 9,441 |
| (Decrease)/Increase in Cash in the year | 25 | (195,614) | 102,552 |
| Reconciliation of Net Cash Flow to movement in Net Debt | | | |
| (Decrease)/Increase in Cash in the year | | (195,614) | 102,552 |
| Cash outflow/inflow from decrease/increase in debt and lease financing | 25 | 74,612 | (9,441) |
| Change in net debt resulting from cashflows | | (121,002) | 93,111 |
| Net Debt at 1st May 2000 | | (158,564) | (251,675) |
| Net Debt at 30th April 2001 | 25 | (279,566) | (158,564) |

Notes to the Abbreviated Financial Statements

for the year ended 30th April 2001

1 Principal Accounting Policies***Accounting Convention***

The financial statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention, modified to include the revaluation of certain fixed assets.

Depreciation

Depreciation is calculated to write down the cost or valuation, less estimated residual value, of all tangible fixed assets, other than freehold land, over their expected useful lives. The rates generally applicable are:

| | |
|-------------------------------------|-------------------------|
| Freehold buildings | Over 50 Years |
| Motor vehicles, plant and machinery | 20% - 25% straight line |

Research and Development

Development costs incurred on specific projects are capitalised when recoverability can be assessed with reasonable certainty, and are amortised in line with expected sales arising from the projects on a straight line basis. Currently all completed projects are being amortised over five years. All other development costs are written off in the period of expenditure.

The nature of the products is becoming more computer based, leading to potentially shorter useful working lives. The life cycles of the products will be reviewed and written off over a shorter period of 3 years where appropriate.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is computed on a first in first out basis. The cost of work in progress and finished goods includes all production overheads and depreciation and the attributable proportion of indirect overheads based on the normal level of activity. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Foreign Currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

Contribution to Pension Funds

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

The pension costs charged against profits represents the amount of the contributions payable to the scheme in respect of the accounting period.

Deferred Taxation

Provision is made for deferred taxation except where, in the opinion of the directors, it is not likely to be payable in the near future.

Notes to the Abbreviated Financial Statements

for the year ended 30th April 2001

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

Patents and Trademarks

Patents and trademarks are capitalised at cost and amortised over their expected useful lives. Capitalised trademarks are currently being amortised over three years.

2 Operating Profit

The operating profit is stated after charging or crediting:

| | 2001 | 2000 |
|---|---------|---------|
| | £ | £ |
| Operating lease rentals - plant and machinery | 8,204 | 8,204 |
| Amounts payable to the auditors in respect of audit services | 4,950 | 4,900 |
| Depreciation and amortisation - owned assets | 326,248 | 252,048 |
| Depreciation - assets held under hire purchase or finance lease contracts | 8,642 | 11,893 |

3 Other Operating Income

| | 2001 | 2000 |
|---------------|-------|-------|
| | £ | £ |
| Rental income | 5,250 | 5,150 |

4 Directors and Employees

Staff costs during the year were as follows:

| | 2001 | 2000 |
|-----------------------|---------|---------|
| | £ | £ |
| Wages and salaries | 656,382 | 601,864 |
| Social security costs | 68,035 | 58,967 |
| Other pension costs | 32,298 | 33,935 |
| | 756,715 | 694,766 |

The average monthly number of employees, including directors, during the year was as follows:

| | 2001 | 2000 |
|-------------------------------|--------|--------|
| | Number | Number |
| Production and engineering | 17 | 17 |
| Marketing and selling | 2 | 2 |
| Management and administration | 8 | 8 |
| Demonstration | 2 | 2 |
| | 29 | 29 |

Notes to the Abbreviated Financial Statements

for the year ended 30th April 2001

Remuneration in respect of directors was as follows:

| | 2001 £ | 2000 £ |
|---|----------------|----------------|
| Aggregate amount of emoluments paid in respect of qualifying services | 170,784 | 159,642 |
| Pension contributions | 16,321 | 12,947 |
| | <u>187,105</u> | <u>172,589</u> |

Other directors disclosures in respect of qualifying services:

| | 2001 Number | 2000 Number |
|---|----------------|----------------|
| The number of directors to whom retirement benefits are accruing under defined contribution pension schemes | 3 | 3 |

5 Interest Payable

| | 2001 £ | 2000 £ |
|--|---------------|---------------|
| Bank loans and overdrafts | 19,629 | 26,272 |
| Hire purchase and finance lease interest | 1,516 | 4,053 |
| Other loans | 132 | 1,566 |
| | <u>21,277</u> | <u>31,891</u> |

6 Tax on Profit on Ordinary Activities

| | 2001 £ | 2000 £ |
|---|----------------|---------------|
| Based on the profit for the year: | | |
| U.K. Corporation tax at 20% (2000: 25.8%) | - | 48,250 |
| Group relief | - | 6,851 |
| | - | 55,101 |
| Prior year adjustments - corporation tax | (2,315) | 1,044 |
| | <u>(2,315)</u> | <u>56,145</u> |

7 Dividends

| | 2001 £ | 2000 £ |
|--|-----------|---------------|
| Equity | | |
| Ordinary shares - proposed interim dividend of £nil per share (2000: £14.28) | - | 10,000 |
| Ordinary shares - proposed final dividend of £nil per share (2000: £28.56) | - | 20,000 |
| | - | <u>30,000</u> |

Notes to the Abbreviated Financial Statements

for the year ended 30th April 2001

8 Intangible Fixed Assets

| | Development Expenditure £ | Patents and Trademarks £ | Total £ |
|--------------------------|---------------------------------|--------------------------------|------------|
| Cost | | | |
| At 1st May 2000 | 1,317,246 | - | 1,317,246 |
| Increase during the year | 259,402 | 30,327 | 289,729 |
| At 30th April 2001 | 1,576,648 | 30,327 | 1,606,975 |
| Amortisation | | | |
| At 1st May 2000 | 605,055 | - | 605,055 |
| Provided during the year | 236,498 | 3,370 | 239,868 |
| At 30th April 2001 | 841,553 | 3,370 | 844,923 |
| Net Book Value | | | |
| At 30th April 2001 | 735,095 | 26,957 | 762,052 |
| At 30th April 2000 | 712,191 | - | 712,191 |

Notes to the Abbreviated Financial Statements

for the year ended 30th April 2001

9 Tangible Fixed Assets

| | Freehold land and buildings | Motor vehicles, plant and machinery | Total |
|--|-----------------------------------|--|--------------|
| | £ | £ | £ |
| Cost or valuation | | | |
| At 1st May 2000 | 540,000 | 535,665 | 1,075,665 |
| Additions | - | 138,276 | 138,276 |
| Disposals | - | (36,697) | (36,697) |
| At 30th April 2001 | 540,000 | 637,244 | 1,177,244 |
| Depreciation | | | |
| At 1st May 2000 | 47,826 | 264,376 | 312,202 |
| Charged for the year | 9,565 | 85,457 | 95,022 |
| Eliminated on disposal | - | (9,367) | (9,367) |
| At 30th April 2001 | 57,391 | 340,466 | 397,857 |
| Net Book Value | | | |
| Owned assets | 482,609 | 280,933 | 763,542 |
| Leased assets | - | 15,845 | 15,845 |
| At 30th April 2001 | 482,609 | 296,778 | 779,387 |
| Owned assets | 492,174 | 242,696 | 734,870 |
| Leased assets | - | 28,593 | 28,593 |
| At 30th April 2000 | 492,174 | 271,289 | 763,463 |
| Analysis of Freehold land and buildings | Land | Buildings | Total |
| | £ | £ | £ |
| Valuation | 90,000 | 450,000 | 540,000 |

Asset Revaluations

Freehold land and buildings were revalued in 1995 on a market value with existing use basis by a professional firm of surveyors. The company has chosen to take advantage of the transitional provisions of FRS 15 Tangible Fixed Assets and has retained the book amounts of assets previously revalued.

If freehold land and buildings had not been revalued they would have been included at the following amounts:

| | 2001 £ |
|--------------|-----------|
| Cost | 283,060 |
| Depreciation | (44,241) |
| | 238,819 |

The company's property was valued at £645,000 after the year end on an open market basis by a professional firm of surveyors. The accounts do not reflect this valuation as a matter of accounting policy.

Notes to the Abbreviated Financial Statements

for the year ended 30th April 2001

10 Fixed Asset Investments

Cost and Net Book Value

At 1st May 2000 and 30th April 2001

| Shares in Group Undertakings £ |
|---|
| 40,250 |

11 Principal Subsidiary Undertakings

The company holds more than 20% of the share capital of the following subsidiary undertakings:

| Name | Country of Incorporation | Class of Share | Proportion Held | Nature of Business | Total Reserves (Deficiency of assets) £ | Net profit for the Year £ |
|---|-----------------------------|-------------------|--------------------|--------------------|--|---------------------------------|
| GeoAcoustics Inc. (formerly GeoPulse Systems Inc.) | USA | Common stock | 100% | See below | (85,876) | 11,440 |
| GeoAcoustics Asia Pacific Pte Limited | Singapore | Ordinary | 100% | See below | 155,443 | 92,214 |

The principal business activities of both subsidiary companies remains the distribution of seabed survey equipment.

The company has taken advantage of Section 248 of the Companies Act 1985 and not consolidated the results of the group.

12 Stocks

| | 2001 £ | 2000 £ |
|------------------|----------------|----------------|
| Raw materials | 65,247 | 32,426 |
| Work in progress | 398,981 | 160,031 |
| Finished goods | 207,083 | 125,282 |
| | <u>671,311</u> | <u>317,739</u> |

13 Debtors

| | 2001 £ | 2000 £ |
|---|----------------|------------------|
| Trade debtors | 276,531 | 810,968 |
| Amounts owed by subsidiary undertakings | 383,302 | 240,718 |
| Other debtors | - | 381 |
| Prepayments and accrued income | 29,165 | 48,836 |
| | <u>688,998</u> | <u>1,100,903</u> |

Amounts owed by subsidiary undertakings include £98,031 (2000: £173,542) in respect of inter company loans which are repayable after more than one year.

Notes to the Abbreviated Financial Statements

for the year ended 30th April 2001

| 14 | Creditors: Amounts falling due within one year | 2001 £ | 2000 £ |
|----|---|----------------|------------------|
| | Bank loans and overdrafts | 141,398 | 59,848 |
| | Net obligations under hire purchase and finance lease contracts | 9,327 | 13,077 |
| | Payments received on account | 91,458 | 61,237 |
| | Trade creditors | 487,492 | 633,081 |
| | Corporation tax | - | 49,539 |
| | Other taxes and social security | 36,790 | 147,426 |
| | Dividends | 20,000 | 30,000 |
| | Accruals and deferred income | 81,541 | 46,489 |
| | | <u>868,006</u> | <u>1,040,697</u> |

Bank loans are secured by a fixed and floating charge over the assets and a first legal charge over the freehold property.

Obligations under hire purchase and finance lease contracts are secured on the assets concerned.

| 15 | Creditors: Amounts falling due after more than one year | 2001 £ | 2000 £ |
|----|---|----------------|----------------|
| | Bank loans | 129,940 | 186,385 |
| | Net obligations under hire purchase and finance lease contracts | - | 9,327 |
| | | <u>129,940</u> | <u>195,712</u> |

Bank loans repayable by instalments are as follows:-

| | 2001 £ | 2000 £ |
|---|----------------|----------------|
| In more than one year but not more than two years | 49,668 | 54,761 |
| In more than two years but not more than five years | 80,272 | 131,624 |
| Total bank loan repayments | <u>129,940</u> | <u>186,385</u> |

Bank loans are secured by a fixed and floating charge over the assets and a first legal charge over the freehold property.

Obligations under hire purchase and finance lease contracts are secured on the assets concerned.

16 Provision for liabilities and charges

| Warranty provision | 2001 £ | 2000 £ |
|-----------------------------|----------------|----------------|
| At 1st May 2000 | 126,440 | 85,740 |
| Increase/(decrease) in year | 550 | 40,700 |
| 30th April 2001 | <u>126,990</u> | <u>126,440</u> |

Notes to the Abbreviated Financial Statements

for the year ended 30th April 2001

17 Deferred Taxation

Deferred taxation provided and unprovided for in the financial statements is set out below. The amount unprovided represents a contingent liability at the Balance Sheet date and is calculated using a tax rate of 20% (2000: 30%).

| | Amount Provided | | Amount Unprovided | |
|--------------------------------|-----------------|------|-------------------|---------|
| | 2001 | 2000 | 2001 | 2000 |
| | £ | £ | £ | £ |
| Accelerated capital allowances | - | - | 146,922 | 197,777 |
| Other timing differences | - | - | 38,307 | 59,560 |
| | - | - | 185,229 | 257,337 |

No provision for deferred taxation has been made in the accounts as the directors consider that the company's continuing development programme is sufficient to ensure the above amounts, in respect of accelerated capital allowances, will not crystallise in the foreseeable future.

No provision has been made for the potential liability in respect of the revaluation of the company's freehold premises as the company is not anticipating disposing of the property in the foreseeable future.

18 Share Capital

| Authorised | 2001 | 2000 |
|--|---------|---------|
| | £ | £ |
| 100,000 Ordinary shares of £1 each (2000: 100,000) | 100,000 | 100,000 |
| | 100,000 | 100,000 |

| Allotted, called up and fully paid | 2001 | 2000 |
|--|------|------|
| | £ | £ |
| 700 Ordinary shares of £1 each (2000: 700) | 700 | 700 |

19 Reserves

| | Revaluation Reserve | Capital Redemption Reserve | Profit and Loss Account |
|--|---------------------|----------------------------|-------------------------|
| | £ | £ | £ |
| At 1st May 2000 | 240,390 | 300 | 1,440,380 |
| Profit for the year | - | - | 136,391 |
| Transfer of excess depreciation on revalued assets | (6,010) | - | 6,010 |
| At 30th April 2001 | 234,380 | 300 | 1,582,781 |

Notes to the Abbreviated Financial Statements

for the year ended 30th April 2001

| | | | |
|----|---|-------------|-------------|
| 20 | Reconciliation of the Movement in Shareholders' Funds | 2001 | 2000 |
| | | £ | £ |
| | Profit for the financial year | 136,391 | 229,028 |
| | Dividends | - | (30,000) |
| | Increase in shareholders' funds | 136,391 | 199,028 |
| | Opening shareholders' funds | 1,681,770 | 1,482,742 |
| | Closing shareholders' funds | 1,818,161 | 1,681,770 |
| 21 | Controlling Party | | |
| | The company is controlled by Mr D R Stone (company chairman). | | |
| 22 | Related Party Transactions | | |
| | The company traded with fellow group companies throughout the year on normal commercial terms as follows: | | |
| | | 2001 | 2000 |
| | | £ | £ |
| | GeoAcoustics Inc: | | |
| | Sales to subsidiary | 432,150 | 354,160 |
| | Commission paid to subsidiary | 123,302 | 100,005 |
| | Amount due from subsidiary at 30th April 2001 | 300,640 | 186,908 |
| | Amount due to subsidiary at 30th April 2001 | - | - |
| | GeoAcoustics Asia Pacific Pte Limited: | | |
| | Sales to subsidiary | 440,860 | 67,566 |
| | Commission paid to subsidiary | 176,679 | 68,288 |
| | Amount due from subsidiary at 30th April 2001 | 82,662 | 53,810 |
| | Amount due to subsidiary at 30th April 2001 | - | - |
| 23 | Reconciliation of Operating Profit to Operating Cash Flows | | |
| | | 2001 | 2000 |
| | | £ | £ |
| | Operating profit | 153,642 | 316,609 |
| | Depreciation charges | 334,890 | 263,941 |
| | (Increase)/Decrease in stocks | (353,572) | 82,061 |
| | Decrease/(Increase) in debtors | 411,905 | (645,990) |
| | (Decrease)/Increase in creditors | (190,952) | 423,362 |
| | Movements in warranty provision | 550 | 40,700 |
| | Net Cash Inflow from Operating Activities | 356,463 | 480,683 |

Notes to the Abbreviated Financial Statements

for the year ended 30th April 2001

24 Analysis of Cash Flows for Headings Netted in the Cash Flow Statement

| Returns on Investments and Servicing of Finance | 2001 £ | 2000 £ |
|--|-------------------|-------------------|
| Interest received | 1,711 | 455 |
| Interest paid | (19,761) | (27,838) |
| Interest element of finance lease rental payments | (1,516) | (4,053) |
| Net Cash (Outflow) for Returns on Investments and Servicing of Finance | (19,566) | (31,436) |
| Capital Expenditure and Financial Investment | 2001 £ | 2000 £ |
| Purchase of intangible fixed assets | (289,729) | (213,094) |
| Purchase of tangible fixed assets (excluding assets acquired under finance leases) | (138,276) | (162,559) |
| Net book value of fixed assets sold | 27,330 | 43,634 |
| Net Cash (Outflow) for Capital Expenditure and Financial Investment | (400,675) | (332,019) |
| Financing | 2001 £ | 2000 £ |
| Loan advanced in year | - | 100,000 |
| Debt due within a year: repayments made | (61,535) | (55,609) |
| Capital elements of finance lease rental payments | (13,077) | (34,950) |
| Net Cash (Outflow)/Inflow from Financing | (74,612) | 9,441 |

25 Analysis of Changes in Net Debt

| | At 1st May 2000 £ | Cash flows £ | Other non-cash changes £ | At 30th April 2001 £ |
|--------------------------|-------------------------|------------------|-----------------------------------|-------------------------------|
| Cash in hand and at bank | 110,073 | (108,974) | - | 1,099 |
| Overdrafts | - | (86,640) | - | (86,640) |
| | 110,073 | (195,614) | - | (85,541) |
| Debt due within one year | (59,848) | 61,535 | (56,445) | (54,758) |
| Debt due after one year | (186,385) | - | 56,445 | (129,940) |
| Finance leases | (22,404) | 13,077 | - | (9,327) |
| Total | (158,564) | (121,002) | - | (279,566) |