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BELLEVIEW PLC
REPORT AND ACCOUNTS
30 SEPTEMBER 1997

COMPANIES HOUSE COPY

 **Hacker
Young**
Chartered Accountants



St. Alphage House 2 Fore Street London EC2Y 5DH

AUDITORS' REPORT TO THE MEMBERS OF
BELLEVIEW PLC

We have audited the accounts set out on pages 3 to 17 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of Directors and Auditors

As described on page 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 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 affairs of the company and of the group as at 30 September 1997 and of the group profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London

10 February 1998

Hacker Young
Hacker Young

Registered Auditor

Chartered Accountants

REPORT OF THE DIRECTORS

The directors present their report with the audited accounts of the company for the year ended 30 September 1997.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of operating convenience stores.

REVIEW OF THE BUSINESS, POST BALANCE SHEET EVENTS AND FUTURE PROSPECTS

The results for the year and financial position of the group are as shown in the attached accounts.

On 22 July 1997 the company issued 11,726 ordinary shares of £1 each for £100,000 in order to provide additional working capital for the group.

During the year the group opened three new outlets and franchised three existing stores. The directors continue to look for further suitable sites.

The directors are pleased to report an improvement in performance during the year and a strengthening of the group's financial position. Since the year end the group has performed in excess of its budgets. The directors are confident based upon the performance to date and the budgets for the remainder of the financial year that the group's future results will show a satisfactory level of profit and a further improved financial position and that it will have adequate working capital to meet all of its requirements.

On 5 January 1998 the company's 50,000 5% cumulative redeemable preference shares of £1 each were redeemed at par.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend on the ordinary shares. The profit of £244,496, after provision for current year and prior years arrears of preference dividend will be transferred to reserves.

DIRECTORS

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

	30 September <u>1997</u>	30 September <u>1996</u>
S. J. Barry BA (Econ)FCA ATII	10,876	-
U. S. Trivedi	3,000	3,000
S. Krishna Kumar	3,000	3,000
S. Karim	2,000	2,000
Limecourt Ventures plc	-	-
N. Gangadia	-	-

REPORT OF THE DIRECTORS

(CONTINUED)

DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS

Directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the group as at the end of the financial year and of the profit or loss for that period. It is also the directors' responsibility to maintain adequate accounting records, safeguard the assets of the company and the group and take reasonable steps in preventing and detecting fraud and other irregularities.

The directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the accounts on a going concern basis, and that applicable accounting standards have been followed.

AUDITORS

The auditors, Messrs Hacker Young, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

Registered Office

1st Floor South
Victoria Station House
Victoria Street
London SW1E 5NE

10 February 1998

By order of the board

N. Gangadia

Secretary



CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 1997

	<u>Notes</u>	Continuing operations	
		<u>1997</u>	<u>1996</u>
		£	£
TURNOVER	2	18,321,926	17,060,442
Cost of sales		(12,969,474)	(12,602,892)
		<hr/>	<hr/>
GROSS PROFIT		5,352,452	4,457,550
Administrative expenses		(4,823,181)	(4,254,800)
Other operating income		38,222	12,051
		<hr/>	<hr/>
OPERATING PROFIT	3	567,493	214,801
Profit on sale of franchise		-	101,159
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		567,493	315,960
Interest payable and similar charges	6	(163,061)	(212,906)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		404,432	103,054
Tax on profit on ordinary activities	7	(147,436)	(64,106)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		256,996	38,948
Minority interest - equity		-	45,460
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR		256,996	84,408
Dividends proposed	8	(12,500)	-
		<hr/>	<hr/>
RETAINED PROFIT FOR THE YEAR	19	£ 244,496	£ 84,408
		=====	=====

There were no recognised gains or losses in 1997 or 1996 other than the profit for the year.

CONSOLIDATED BALANCE SHEET

AS AT 30 SEPTEMBER 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
		£	£
FIXED ASSETS			
Tangible assets	9	3,088,358	3,364,755
Investments	10	3,000	3,000
		<hr/>	<hr/>
		3,091,358	3,367,755
CURRENT ASSETS			
Stocks	11	370,288	408,348
Debtors	12	798,660	725,603
Cash at bank and in hand		321,668	20,123
		<hr/>	<hr/>
		1,490,616	1,154,074
CREDITORS: amounts falling due within one year	13	3,367,120	3,569,793
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(1,876,504)	(2,415,719)
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<hr/>	<hr/>
		1,214,854	952,036
CREDITORS: amounts falling due after more than one year	14	(299,522)	(348,200)
PROVISION FOR LIABILITIES AND CHARGES	15	(85,000)	(118,000)
		<hr/>	<hr/>
		£ 830,332	£ 485,836
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	16	284,521	272,795
Share premium account	19	560,042	471,768
Profit & loss account	19	(114,230)	(358,726)
Capital reserve	19	99,999	99,999
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS		£ 830,332	£ 485,836
		=====	=====
Analysis of shareholders' funds			
Equity		780,332	425,836
Non equity		50,000	60,000
		<hr/>	<hr/>
		£ 830,332	£ 485,836
		=====	=====

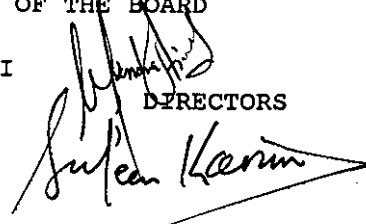
SIGNED ON BEHALF OF THE BOARD

U.S. TRIVEDI

DIRECTORS

S. KARIM

10 February 1998



COMPANY BALANCE SHEET

AS AT 30 SEPTEMBER 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
		£	£
FIXED ASSETS			
Tangible assets	9	504,805	667,159
Investments	10	297,664	297,664
		<hr/>	<hr/>
		802,469	964,823
CURRENT ASSETS			
Stocks	11	31,217	67,495
Debtors	12	171,548	273,623
Cash at bank and in hand		302,300	3,100
		<hr/>	<hr/>
		505,065	344,218
CREDITORS: amounts falling due within one year	13	421,332	611,856
		<hr/>	<hr/>
NET CURRENT ASSETS/ (LIABILITIES)		83,743	(267,638)
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 886,212	<hr/> 697,185
CREDITORS: Amounts falling due after more than one year	14	-	(26,610)
PROVISION FOR LIABILITIES AND CHARGES	15	-	(2,000)
		<hr/>	<hr/>
		£ 886,212	£ 668,575
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	16	284,521	272,795
Share premium account	19	560,042	471,768
Profit & loss account	19	41,649	(75,988)
		<hr/>	<hr/>
		£ 886,212	£ 668,575
		=====	=====
Analysis of shareholders' funds			
Equity		836,212	608,575
Non-equity		50,000	60,000
		<hr/>	<hr/>
		£ 886,212	£ 668,575
		=====	=====

SIGNED ON BEHALF OF THE BOARD

U.S. TRIVEDI

DIRECTORS

S. KARIM

10 February 1998

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 1997

	<u>Notes</u>	<u>1997</u>		<u>1996</u>	
		£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	23		1,760,857		1,055,555
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest paid			(151,615)		(206,481)
TAXATION					
Corporation tax paid			(8,107)		(77,814)
CAPITAL EXPENDITURE					
Purchase of tangible fixed assets		(543,388)		(1,400,772)	
Sale of tangible fixed assets		48,000		177,000	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE			(495,388)		(1,223,772)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING			1,105,747		(452,512)
FINANCING ACTIVITIES					
Hire purchase repayments (Repayment)/receipt of other loans		(62,956)		(45,554)	
Proceeds of share issue		(550,000)		350,000	
		100,000		250,000	
NET CASH (OUTFLOW)/INFLOW FROM FINANCING			(512,956)		554,446
INCREASE IN CASH IN THE YEAR	24		£ 592,791		£ 101,934
			=====		=====

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1997

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Basis of consolidation

The consolidated accounts include the accounts of the company and all its subsidiaries.

On the acquisition of a business fair values are attributed to the group's share of net tangible assets. Where the cost of acquisition exceeds the values attributable to such net assets the difference is treated as purchased goodwill and is written off directly to reserves in the year of acquisition.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold land and buildings	- see below
Leasehold property - short	- over the length of the lease
Fixtures and fittings	- 15% straight line
Motor vehicles	- 25% on reducing balance

Freehold properties

Freehold properties are maintained, as a matter of company policy, by a programme of repair and refurbishment such that the residual values of these properties taken as a whole are unlikely to fall below cost and while depreciation is taking place, it is matched by refurbishment expenditure. Having regard to this, it is the opinion of the directors that the depreciable amount of any such property is therefore nil.

Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

Stock

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

Deferred taxation

Deferred taxation is provided on all timing differences using the liability method where it can be demonstrated with reasonable probability that a tax liability is likely to arise in the foreseeable future.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1997

(CONTINUED)

3. OPERATING PROFIT

	<u>1997</u>	<u>1996</u>
	£	£
Operating profit is stated after charging:		
Directors' emoluments	191,171	139,413
Hire of plant and machinery	26,593	21,800
Rentals under other operating leases	1,519,041	1,216,016
Depreciation		
- owned assets	737,217	581,600
- assets held under hire purchase contracts	85,211	119,852
Auditors' remuneration	25,000	25,000
	=====	=====

Other professional fees payable to the auditors for the year ended 30 September 1997 are £12,500 (1996: £11,000).

4. STAFF COSTS

	<u>1997</u>	<u>1996</u>
	£	£
Wages and salaries	2,465,971	2,408,195
Social security costs	198,030	196,983
Other pension costs	10,879	12,534
	-----	-----
	£2,674,880	£2,617,712
	=====	=====

The average weekly number of employees during the year was as follows

	<u>Number</u>	<u>Number</u>
Sales and distribution	250	215
Administration	16	20
	-----	-----
	266	235
	===	===

5. DIRECTORS' EMOLUMENTS

	<u>1997</u>	<u>1996</u>
	£	£
Directors' emoluments comprise:		
Emoluments for qualifying services	177,364	132,033
Company pension contributions	4,057	2,880
	-----	-----
	181,421	134,913
Directors' fees	8,750	4,500
	-----	-----
	£ 190,171	£ 139,413
	=====	=====

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1997

(CONTINUED)

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Group	
	<u>1997</u>	<u>1996</u>
	£	£
Bank loans, overdrafts and other loans repayable within five years	138,864	187,931
Other loans repayable after five years	24,197	24,975
	<hr/>	<hr/>
	£ 163,061	£ 212,906
	=====	=====

7. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	Group	
	<u>1997</u>	<u>1996</u>
	£	£
U.K. Corporation tax at 33% based on the adjusted results for the year	197,000	63,500
- prior year over provision	(16,564)	(26,894)
Deferred taxation		
- Current year	(33,000)	14,000
- Prior years	-	13,500
	<hr/>	<hr/>
	£ 147,436	£ 64,106
	=====	=====

8. PROPOSED DIVIDENDS

	Group	
	<u>1997</u>	<u>1996</u>
	£	£
5% cumulative preference dividend on non equity shares		
Current year	2,500	-
Arrears from prior years	10,000	-
	<hr/>	<hr/>
	£ 12,500	£ -
	=====	=====

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1997

(CONTINUED)

9. TANGIBLE FIXED ASSETS

Group	Freehold <u>property</u> £	Leasehold properties <u>short</u> £	Fixtures and <u>fittings</u> £	Motor <u>vehicles</u> £	<u>Total</u> £
COST					
As at 1 October 1996	431,636	548,876	3,841,840	37,445	4,859,797
Additions	-	11,406	539,012	-	550,418
Disposals	-	-	(205,527)	-	(205,527)
As at 30 September 1997	431,636	560,282	4,175,325	37,445	5,204,688
DEPRECIATION					
As at 1 October 1996	-	229,976	1,241,634	23,432	1,495,042
Charge for year	-	93,281	724,173	9,361	826,815
Eliminated on disposal	-	-	(205,527)	-	(205,527)
As at 30 September 1997	-	323,257	1,760,280	32,793	2,116,330
NET BOOK VALUE					
As at 30 September 1997	£ 431,636	£ 237,025	£2,415,045	£ 4,652	£3,088,358
As at 30 September 1996	£ 431,636	£ 318,900	£2,600,206	£ 14,013	£3,364,755
Company					
		Leasehold property <u>short</u> £	Fixtures and <u>fittings</u> £	Motor <u>vehicles</u> £	<u>Total</u> £
COST					
As at 1 October 1996		40,653	969,326	37,445	1,047,424
Additions		-	67,736	-	67,736
Inter group transfers		44,387	-	-	44,387
Disposals		-	(205,527)	-	(205,527)
As at 30 September 1997		85,040	831,535	37,445	954,020
DEPRECIATION					
As at 1 October 1996		13,155	343,678	23,432	380,265
Charge for year		6,775	224,193	9,361	240,329
Inter group transfer		34,148	-	-	34,148
Eliminated on disposal		-	(205,527)	-	(205,527)
As at 30 September 1997		54,078	362,344	32,793	449,215
NET BOOK VALUE					
As at 30 September 1997	£	£ 30,962	£ 469,191	£ 4,652	£ 504,805
As at 30 September 1996	£	£ 27,498	£ 625,648	£ 14,013	£ 667,159

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1997

(CONTINUED)

9. TANGIBLE FIXED ASSETS (continued)

The net book value of the fixed assets held under hire purchase contracts are:-

	<u>1997</u>	<u>1996</u>
Group	£ 65,364	£ 150,575
	=====	=====
Company	£ 28,173	£ 104,633
	=====	=====

10. FIXED ASSET INVESTMENTS

Group	<u>1997</u>	<u>1996</u>	
	£	£	
Other investments	3,000	3,000	
	=====	=====	
Company	<u>Shares in subsidiaries</u>	<u>Other investments</u>	<u>Total</u>
	£	£	£
At 1 October 1996 and 30 September 1997	294,664	3,000	297,664
	-----	-----	-----

The company had holdings in group undertakings as follows:

Company	% Holding	Country of Incorporation	Principal Activity
Meritmark Limited	100	England	Property
Whistlestop Foods Limited	100	England	Convenience stores
*Sandwich Plus Limited	100	England	Non-trading
*Sandwich Plus 101 Limited	100	England	Non-trading
Laurent Metge Ltd	100	England	Non-trading

* Held through the intermediate subsidiary undertaking, Whistlestop Foods Limited.

11. STOCKS

	<u>1997</u>	<u>Group</u> <u>1996</u>	<u>Company</u> <u>1997</u>	<u>1996</u>
Goods for resale	£ 370,288	£ 408,348	£ 31,217	£ 67,495
	=====	=====	=====	=====

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1997

(CONTINUED)

12. DEBTORS: Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	£	£	£	£
Other debtors	151,871	126,532	37,112	81,063
Prepayments and accrued income	604,437	570,321	92,084	107,663
Deposits	39,150	28,750	39,150	-
Amounts owed by group undertakings	-	-	-	84,897
Corporation tax	3,202	-	3,202	-
	<u>£ 798,660</u>	<u>£ 725,603</u>	<u>£ 171,548</u>	<u>£ 273,623</u>

13. 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 overdrafts (secured)	128,865	420,111	-	-
Obligations under hire purchase contracts	34,669	48,947	17,288	30,032
Other loans	-	550,000	-	550,000
Amounts owed to group undertakings	-	-	217,319	-
Trade creditors	1,592,667	1,482,294	-	-
Other creditors	113,200	35,557	58,200	-
Corporation tax	223,478	47,947	91,000	12,323
Other taxes & Social Security	195,443	160,101	-	-
Accrued expenses	1,066,298	824,836	25,015	19,501
Proposed dividends	12,500	-	12,500	-
	<u>£3,367,120</u>	<u>£3,569,793</u>	<u>£ 421,322</u>	<u>£ 611,856</u>

14. 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>
	£	£	£	£
Obligations under hire purchase contracts	-	48,678	-	26,610
Other loan	299,522	299,522	-	-
	<u>£ 299,522</u>	<u>£ 348,200</u>	<u>£ -</u>	<u>£ 26,610</u>

The other loan is interest bearing only and the capital sum is repayable in 2019. The interest is payable at 2% above Barclays Bank base rate. The loan is secured by a legal charge on the freehold property of the group.

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1997

(CONTINUED)

15. PROVISION FOR LIABILITIES AND CHARGES

The amounts of deferred taxation provided and unprovided in the accounts are as follows:

	Provided <u>1997</u> £	Provided <u>1996</u> £	Not provided <u>1997</u> £	Not provided <u>1996</u> £
Capital allowances in excess of depreciation	85,000	121,000	-	-
On rolled over capital gains	-	-	26,000	26,000
Other timing differences	-	(3,000)	-	-
	<u>£ 85,000</u>	<u>£ 118,000</u>	<u>£ 26,000</u>	<u>£ 26,000</u>
Company				
Capital allowances in excess of depreciation	-	2,000	-	-
On rolled over capital gains	-	-	26,000	26,000
	<u>£ -</u>	<u>£ 2,000</u>	<u>£ 26,000</u>	<u>£ 26,000</u>

16. CALLED UP SHARE CAPITAL

Authorised:	<u>1997</u> £	<u>1996</u> £
Ordinary shares of £1 each	450,000	450,000
5% Cumulative redeemable preference shares of £1 each	50,000	50,000
	<u>£ 500,000</u>	<u>£ 500,000</u>
Allotted, issued and fully paid	<u>1997</u> £	<u>1996</u> £
Ordinary shares of £1 each	234,521	222,795
5% Cumulative redeemable preference shares of £1 each	50,000	50,000
	<u>£ 284,521</u>	<u>£ 272,795</u>
Movements in issued ordinary shares of £1 each		£
At 1 October 1996		222,795
Issued for cash		11,726
At 30 September 1997		<u>£ 234,521</u>

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1997

(CONTINUED)

16. CALLED UP SHARE CAPITAL (continued)

On 22 July 1997 the company issued 11,726 ordinary shares of £1 each for £100,000 in order to provide additional working capital for the group.

On 5 January 1998 the cumulative redeemable preference shares were redeemed at par.

17. CONTINGENT LIABILITIES

The company is a party to cross guarantees securing the overdrafts of its subsidiaries.

18. TRANSACTIONS WITH DIRECTORS

Consultancy fees amounting to £126,000 (1996: £151,000) were paid to Lime Court Investments Limited and Limecourt Ventures Plc, companies in which Mr S.J. Barry is both a director and shareholder.

19. RESERVES

Group	Share Premium <u>Account</u> £	Capital <u>Reserve</u> £	Profit and <u>loss account</u> £
At beginning of year	471,768	99,999	(358,726)
Premium on ordinary shares issued	88,274	-	-
Profit for the year	-	-	244,496
	<u>£ 560,042</u> =====	<u>£ 99,999</u> =====	<u>£ (114,230)</u> =====

The cumulative amount of goodwill charged to reserves is £262,841 (1996: £262,841).

Company	Share Premium <u>Account</u> £	Profit and <u>loss account</u> £
At beginning of year	471,768	(75,988)
Premium on ordinary shares issued	88,274	-
Profit for the year	-	117,637
	<u>£ 560,042</u> =====	<u>£ 41,649</u> =====

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1997

(CONTINUED)

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group:

	<u>1997</u>	<u>1996</u>
	£	£
Profit for the year after taxation	256,996	84,408
Proposed dividends	(12,500)	-
	<hr/>	<hr/>
	244,496	-
New capital subscribed	100,000	544,563
Goodwill written off	-	(262,841)
	<hr/>	<hr/>
Net addition to shareholders' funds	344,496	366,130
Opening shareholders' funds	485,836	119,706
	<hr/>	<hr/>
Closing shareholders' funds	£ 830,332	£ 485,836
	=====	=====

Company:

Profit for the year after taxation	130,137	29,952
Proposed dividends	(12,500)	-
	<hr/>	<hr/>
	117,637	29,952
New capital subscribed	100,000	544,563
	<hr/>	<hr/>
Net addition to shareholders' funds	217,637	574,515
Opening shareholders' funds	668,575	94,060
	<hr/>	<hr/>
Closing shareholders' funds	£ 886,212	£ 668,575
	=====	=====

21. OTHER FINANCIAL COMMITMENTS

There was no capital expenditure authorised or contracted for at the balance sheet date.

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1997

(CONTINUED)

22. OPERATING LEASE COMMITMENTS

At 30 September 1997 the Group was committed to making the following minimum payments during the next year in respect of operating leases on land and buildings.

	<u>1997</u> £
Leases which expire:	
Within two to five years	799,511
After five years	475,500
	<hr/> £1,275,011 <hr/>

23. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>1997</u> £	<u>1996</u> £
Operating profit	567,493	214,801
Depreciation charges	826,815	701,452
Loss on disposal of fixed assets	-	20,740
Decrease/(Increase) in stock	38,060	(55,579)
Increase in debtors	(117,855)	(31,376)
Increase in creditors	446,344	205,517
	<hr/> £1,760,857 <hr/>	<hr/> £1,055,555 <hr/>

24. ANALYSIS OF CHANGES IN NET DEBT

	At 1 October <u>1996</u> £	Cash flows <u>1997</u> £	At 30 September <u>1997</u> £
Cash at bank and in hand	20,123	301,545	321,668
Bank overdrafts	(420,111)	291,246	(128,865)
	<hr/> (399,988) <hr/>	<hr/> 592,791 <hr/>	<hr/> 192,803 <hr/>
Debt due within one year	(550,000)	550,000	-
Debt due after more than one year	(299,522)	-	(299,522)
Hire purchase obligations	(97,625)	62,956	(34,669)
	<hr/> £(1,347,135) <hr/>	<hr/> £1,205,747 <hr/>	<hr/> £ (141,388) <hr/>

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1997

(CONTINUED)

25. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	<u>1997</u> £	<u>1996</u> £
Increase in cash in the year	592,791	101,934
Cash outflow/(inflow) from decrease/(increase) in debt and hire purchase obligations	612,956	(304,446)
	<hr/>	<hr/>
Change in debt resulting from cash flows	1,205,747	(202,512)
New hire purchase obligations	-	(41,948)
	<hr/>	<hr/>
Movement in net debt in the year	1,205,747	(244,460)
Opening net debt	(1,347,135)	(1,102,675)
	<hr/>	<hr/>
Closing net debt	£ (141,388)	£1,347,135)
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