

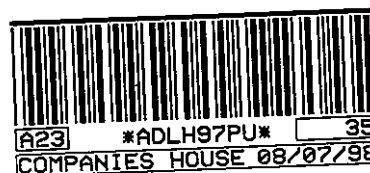
Company registration number: 2836088

**DRAEFERN HOLDINGS PLC**  
and subsidiary undertaking

**ANNUAL REPORT**

**YEAR ENDED 4 APRIL 1998**

**RE-SCAN**



**PANNELL KERR FORSTER**

**Chartered Accountants**

13-7-98

106

MAO-37

**DRAEFERN HOLDINGS PLC**  
**ANNUAL REPORT**  
**YEAR ENDED 4 APRIL 1998**

**DIRECTORS**

G R Wilson  
M S Thornton

**SECRETARY**

J S Hardy ACCA

**REGISTERED OFFICE**

Draefern House  
39 Holywell Street  
Chesterfield  
Derbyshire  
S41 7SH

**SOLICITORS**

Rodney Shiers  
Chesterfield

Irwin Mitchell  
Sheffield

**AUDITORS**

Pannell Kerr Forster  
Sheffield

**BANKERS**

Barclays Bank plc  
Chesterfield

**CONTENTS**

	Pages
Directors and advisers	1
Directors' report	2 - 3
Auditors' report	4
Consolidated profit and loss account	5
Consolidated balance sheet	6
Balance sheet	7
Consolidated cashflow statement	8
Notes to the financial statements	9 - 16

**DRAEFERN HOLDINGS PLC****DIRECTORS' REPORT**

The directors present their annual report together with the financial statements for the year ended 4 April 1998.

**1. RESULTS AND DIVIDENDS**

The group profit for the year after taxation and minority interest was £482,398. The directors propose a final dividend of £6.40 per ordinary share leaving a balance of profit of £162,398 for the year to be transferred to reserves.

**2. REVIEW OF THE BUSINESS**

The group's principal activity during the year was the supply of industrial and technical contract personnel.

The directors consider the level of activity and the year end financial position to be satisfactory.

**3. DIRECTORS**

The directors at the end of the year and their beneficial interest in the shares of the company were as follows:

	<b>Ordinary Shares</b>	
	<b>4.4.98</b>	<b>5.4.97</b>
G R Wilson	25,000	25,000
M S Thornton	-	-

Under the Articles of Association the directors are not required to retire by rotation.

**4. 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 the group 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 which are 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.

**DRAEFERN HOLDINGS PLC****DIRECTORS' REPORT****4. 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 company and enable them to ensure that the financial statements 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.

**5. DONATIONS**

The group made charitable donations of £1,395 during the year.

**6. STATUS**

The company is a close company under the provisions of the Income and Corporation Taxes Act 1988.

**7. AUDITORS**

A resolution to re-appoint the auditors, Pannell Kerr Forster, will be proposed at the annual general meeting.

**8. PAYMENT POLICY**

The group does not follow any specific code or policy on payment to suppliers, but aims to settle balances with its suppliers on normal commercial terms.

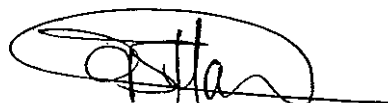
By order of the board

2 July 1998

J S HARDY ACCA

Chesterfield

Secretary

A handwritten signature in black ink, appearing to be 'J S Hardy', enclosed within a large, loopy oval shape.

**AUDITORS' REPORT TO THE SHAREHOLDERS OF**  
**DRAEFERN HOLDINGS PLC**

We have audited the financial statements on pages 5 to 16 which have been prepared under the accounting policies set out on page 9.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described on pages 2 and 3, the company's directors are responsible for the preparation of 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. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's 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 affairs of the company and the group as at 4 April 1998 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

2 July 1998

Sheffield



PANNELL KERR FORSTER

Chartered Accountants  
Registered Auditors

**DRAEFERN HOLDINGS PLC and subsidiary undertaking**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 4 APRIL 1998**

	Notes	1998		1997	
		£	£	£	£
TURNOVER	2		15,342,727		14,189,853
Cost of sales			<u>11,645,602</u>		<u>10,721,050</u>
GROSS PROFIT			3,697,125		3,468,803
Administrative expenses			<u>2,985,195</u>		<u>2,508,707</u>
OPERATING PROFIT			711,930		960,096
Income from fixed asset investments		105		64	
Interest receivable	5	<u>46,726</u>	<u>46,831</u>	<u>25,932</u>	<u>25,996</u>
			758,761		986,092
Interest payable and similar charges	4		<u>10,200</u>		<u>1,921</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6		748,561		984,171
Tax on profit on ordinary activities	7		<u>261,340</u>		<u>338,741</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			487,221		645,430
Profit Attributable to Minority interest			<u>4,823</u>		<u>3,819</u>
PROFIT ON ORDINARY ACTIVITIES ATTRIBUTABLE TO GROUP			482,398		641,611
Dividends	8		<u>320,000</u>		<u>400,000</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR	14		<u>162,398</u>		<u>241,611</u>

All amounts relate to continuing operations.

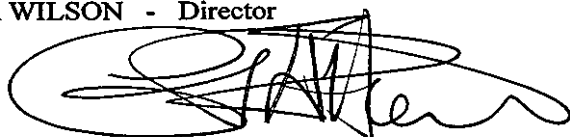
The group has no recognised gains or losses other than those shown above.

**DRAEFERN HOLDINGS PLC and subsidiary undertaking**  
**CONSOLIDATED BALANCE SHEET**  
**4 APRIL 1998**

	Notes	1998		1997	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	9		243,790		250,213
Investments	10		<u>2,042</u>		<u>2,042</u>
			245,832		252,255
<b>CURRENT ASSETS</b>					
Debtors	11	2,234,140		2,068,578	
Cash at bank and in hand		<u>986,244</u>		<u>503,707</u>	
		3,220,384		2,572,285	
CREDITORS - Amounts falling due within one year	12	<u>2,653,756</u>		<u>2,190,100</u>	
NET CURRENT ASSETS			566,628		382,185
NET ASSETS			<u>812,460</u>		<u>634,440</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		50,000		50,000
Share premium account	14		20		20
Capital reserve	14		21,870		11,569
Profit and loss account	14		<u>730,999</u>		<u>568,601</u>
SHAREHOLDERS' FUNDS	15		802,889		630,190
Minority interest			<u>9,571</u>		<u>4,250</u>
			<u>812,460</u>		<u>634,440</u>

Approved by the board on 2 July 1998

G R WILSON - Director



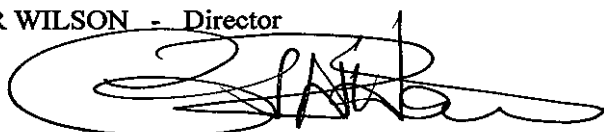


**DRAEFERN HOLDINGS PLC**  
**BALANCE SHEET**  
**4 APRIL 1998**

	Notes	1998		1997	
		£	£	£	£
<b>FIXED ASSETS</b>					
Investments	10		100		100
<b>CURRENT ASSETS</b>					
Debtors	11	969,671		365,666	
Cash at bank and in hand		<u>-</u>		<u>816</u>	
		969,671		366,482	
<b>CREDITORS - Amounts falling due within one year</b>	12	<b><u>811,801</u></b>		<b><u>230,818</u></b>	
<b>NET CURRENT ASSETS</b>			<b>157,870</b>		<b>135,664</b>
<b>NET ASSETS</b>			<b><u>157,970</u></b>		<b><u>135,764</u></b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		50,000		50,000
Share premium account	14		20		20
Profit and loss account	14		107,950		85,744
<b>SHAREHOLDERS' FUNDS</b>			<b><u>157,970</u></b>		<b><u>135,764</u></b>

Approved by the board on 2 July 1998

G R WILSON - Director



**DRAEFERN HOLDINGS PLC and subsidiary undertaking**  
**CONSOLIDATED CASHFLOW STATEMENT**  
**YEAR ENDED 4 APRIL 1998**

	Notes	1998 £	1997 £
Net cash inflow from operating activities	19	945,530	763,011
Returns on investments and servicing of finance	20	36,631	24,075
Taxation		(442,064)	(210,465)
Capital expenditure	20	(73,652)	(196,758)
Acquisitions and disposals	20	10,800	11,980
Equity dividends paid		—	(601,000)
		477,245	(209,157)
Financing	20	5,293	9,602
		—	—
Increase (decrease) in cash		482,538	(199,555)
		=====	=====
<b>Reconciliation of net cashflow to movement in net debt</b>			
Increase (decrease) in cash in the year		482,538	(199,555)
Cash outflow from increase in debt and lease financing		(5,293)	(9,602)
		—	—
Change in net debt		477,245	(209,157)
Net debt at 5 April 1997		494,105	703,262
		—	—
Net debt at 4 April 1998		971,350	494,105
		=====	=====

**DRAEFERN HOLDINGS PLC and subsidiary undertaking**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 4 APRIL 1998**

**1. ACCOUNTING POLICIES**

The following accounting policies have been used consistently in dealing with items which are considered material to the group's affairs.

**Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

**Basis of consolidation**

The group financial statements consolidate the financial statements of the company and its subsidiary. Profits or losses on intra-group transactions are eliminated in full.

**Tangible fixed assets and depreciation**

Tangible fixed assets are depreciated at the following annual rates over their estimated useful lives:-

Short leasehold land and buildings	-	10% cost
Fixtures and fittings	-	20% to 33% reducing balance
Motor vehicles	-	25% reducing balance

**Leases and hire purchase contracts**

Assets held under finance leases and hire purchase contracts are capitalised as tangible fixed assets and the obligation to pay future rentals under such leases and contracts is included in creditors. Payments in respect of the finance charge element of the leases and contracts are charged to profit and loss account so as fairly to apportion the charge over the duration of the leases and contracts.

Rentals payable under operating leases are charged in the profit and loss account in the year in which they are incurred.

**Deferred taxation**

Provision is made for deferred tax, using the liability method, to the extent that it is probable that a liability will crystallise.

**Turnover**

Turnover represents sales at invoice value less trade discounts allowed and excluding value added tax.

**Pension costs**

The group operates a defined contribution scheme providing benefits for employees additional to those from the state. The pension cost charge represents contributions payable by the company to the fund in respect of the year.

**DRAEFERN HOLDINGS PLC and subsidiary undertaking**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 4 APRIL 1998**

**2. TURNOVER**

The group engages in only one class of business and all sales were within the United Kingdom.

<b>3. STAFF PARTICULARS</b>	<b>1998 £</b>	<b>1997 £</b>
Staff costs comprised:		
Wages and salaries	12,566,779	11,622,205
Social security costs	731,023	653,997
Other pension costs	<u>132,981</u>	<u>48,000</u>
	<b>13,430,783</b>	<b>12,324,202</b>
	<hr/>	<hr/>
	<b>Number</b>	<b>Number</b>
Average number employed in the year:		
Office staff	77	70
Directors	<u>2</u>	<u>2</u>
	<b>79</b>	<b>72</b>
	<hr/>	<hr/>

In addition, an average number of 1,927 (1997: 1,777) were employed on a temporary basis during the year.

	<b>£</b>	<b>£</b>
<b>4. INTEREST PAYABLE AND SIMILAR CHARGES</b>		
Bank interest	507	583
Other interest	<u>9,693</u>	<u>1,338</u>
	<b>10,200</b>	<b>1,921</b>
	<hr/>	<hr/>
<b>5. INTEREST RECEIVABLE</b>		
Interest receivable	<u>46,726</u>	<u>25,932</u>
	<hr/>	<hr/>

**DRAEFERN HOLDINGS PLC and subsidiary undertaking**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 4 APRIL 1998**

	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
<b>6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		
The profit on ordinary activities before taxation is after charging:		
Auditors' remuneration		
Audit fee	5,150	4,200
Depreciation written off tangible fixed assets	71,930	64,818
Loss on sale of fixed assets	8,145	13,795
Operating lease rentals:		
Motor vehicles	38,528	38,794
Land and buildings	142,010	106,799
	<hr/>	<hr/>
Directors' emoluments:		
Salaries and other emoluments	236,709	166,798
Contributions to money purchase pension schemes	<u>121,075</u>	<u>48,000</u>
	357,784	214,798
	<hr/>	<hr/>
	<b>Number</b>	<b>Number</b>
Number of directors accruing benefits under:		
Money purchase schemes	1	1
	<hr/>	<hr/>
	<b>£</b>	<b>£</b>
Directors' emoluments include the following in respect of the highest paid director:		
Salaries and other emoluments	224,940	160,131
Contributions to money purchase pension schemes	<u>121,075</u>	<u>48,000</u>
	346,015	208,131
	<hr/>	<hr/>
<b>7. TAX ON PROFIT ON ORDINARY ACTIVITIES</b>		
Corporation tax on the profit for the year	256,850	337,600
Adjustments in respect of prior year	<u>4,490</u>	<u>1,141</u>
	261,340	338,741
	<hr/>	<hr/>

**DRAEFERN HOLDINGS PLC and subsidiary undertaking**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 4 APRIL 1998**

<b>8. DIVIDENDS</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Ordinary: Proposed dividend of £6.40 per share (1997: £8.00)	320,000	400,000
	<u>          </u>	<u>          </u>

**9. FIXED ASSETS - TANGIBLE**

**GROUP**

	<b>At</b>		<b>At</b>	
	<b>5.4.97</b>	<b>Additions</b>	<b>Disposals</b>	<b>4.4.98</b>
<u>Cost</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Land and buildings				
Short leasehold - cost	5,000	-	-	5,000
Fixtures and fittings	147,771	38,647	(11,887)	174,531
Motor vehicles	<u>226,420</u>	<u>46,955</u>	<u>(33,550)</u>	<u>239,825</u>
	379,191	85,602	(45,437)	419,356
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<b>At</b>	<b>Charge</b>	<b>Eliminated</b>	<b>At</b>
	<b>5.4.97</b>	<b>for</b>	<b>on</b>	<b>4.4.98</b>
<u>Depreciation</u>	<u>£</u>	<u>year</u>	<u>disposals</u>	<u>£</u>
Land and buildings				
Short leasehold - cost	3,000	500	-	3,500
Fixtures and fittings	66,193	26,254	(7,050)	85,397
Motor vehicles	<u>59,785</u>	<u>45,176</u>	<u>(18,292)</u>	<u>86,669</u>
	128,978	71,930	(25,342)	175,566
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<b>At</b>			<b>At</b>
	<b>5.4.97</b>			<b>4.4.98</b>
<u>Net book amounts</u>	<u>£</u>			<u>£</u>
Land and buildings				
Short leasehold - cost	2,000			1,500
Fixtures and fittings	81,578			89,134
Motor vehicles	<u>166,635</u>			<u>153,156</u>
	250,213			243,790
	<u>          </u>			<u>          </u>

Tangible fixed assets include motor vehicles under hire purchase contracts with a net book value of £23,625. The depreciation charge on the assets for the year under review was £3,375.

**DRAEFERN HOLDINGS PLC and subsidiary undertaking****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 4 APRIL 1998****10. FIXED ASSETS - INVESTMENTS**

<b>GROUP</b>	<b>At 5.4.97 £</b>	<b>Additions £</b>	<b>Disposals £</b>	<b>At 4.4.98 £</b>
Listed investments at cost	2,042	-	-	2,042
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The listed investments are listed on a recognised stock exchange. Their market value at the balance sheet date is not materially different from cost.

<b>COMPANY</b>	<b>At 5.4.97 £</b>	<b>Additions £</b>	<b>Disposals £</b>	<b>At 4.4.98 £</b>
Shares in group undertaking at cost	100	-	-	100
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The company owned 97% of the equity capital of Draefern Limited, a company incorporated in Great Britain, throughout the year.

	<b>Group</b>		<b>Company</b>	
<b>11. DEBTORS</b>	<b>1998 £</b>	<b>1997 £</b>	<b>1998 £</b>	<b>1997 £</b>
Amounts falling due within one year:				
Trade debtors	2,092,057	1,866,742	-	-
Amounts owed by group undertaking	-	-	649,131	365,666
Other debtors	967	470	540	-
Prepayments and accrued income	61,116	51,116	-	-
Recoverable advance corporation tax	-	150,250	-	-
Dividend receivable	<u>-</u>	<u>-</u>	<u>320,000</u>	<u>-</u>
	2,154,140	2,068,578	969,671	365,666
Amounts falling due after one year:				
Recoverable advance corporation tax	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,234,140</u>	<u>2,068,578</u>	<u>969,671</u>	<u>365,666</u>

**DRAEFERN HOLDINGS PLC and subsidiary undertaking**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 4 APRIL 1998**

12. CREDITORS	Group		Company	
	1998 £	1997 £	1998 £	1997 £
Amounts falling due within one year:				
Bank overdraft	-	-	1,671	-
Trade creditors	270,253	187,006	-	-
Amounts owed to group undertakings	-	-	10,000	-
Corporation tax	336,876	437,600	6,876	18,600
Other taxation and social security	915,411	870,150	-	13,537
Hire purchase liabilities	14,894	9,602	-	-
Directors' current accounts	304,053	412,810	265,553	197,831
Other creditors	236,245	192,952	206,701	-
Accruals and deferred income	256,024	79,980	1,000	850
Proposed dividend	<u>320,000</u>	<u>-</u>	<u>320,000</u>	<u>-</u>
	<u>2,653,756</u>	<u>2,190,100</u>	<u>811,801</u>	<u>230,818</u>

The hire purchase liabilities are secured on the assets concerned.

**13. CALLED UP SHARE CAPITAL**

There was no change in share capital during the year.

	Authorised £	Allotted and fully paid £
Ordinary shares of £1 each	100,000	50,000
	<u>          </u>	<u>          </u>

14. RESERVES	Group			Company	
	Share premium account £	Capital reserve £	Profit and loss account £	Share premium account £	Profit and loss account £
At 5 April 1997	20	11,569	568,601	20	85,744
Retained profit for the year	-	-	162,398	-	22,206
Capital reserve arising on issue of shares to minority	<u>-</u>	<u>10,301</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 4 April 1998	<u>20</u>	<u>21,870</u>	<u>730,999</u>	<u>20</u>	<u>107,950</u>

In accordance with the exemption permitted by S230(3) of the Companies Act 1985 the company has not presented its own profit and loss account. The group profit for the year includes a profit of £22,205 (1997: £50,645) which is dealt with in the accounts of the parent company.



**DRAEFERN HOLDINGS PLC and subsidiary undertaking**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 4 APRIL 1998**

<b>15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</b>	<b>1998 £</b>	<b>1997 £</b>
At 5 April 1997	630,190	367,110
Retained profit for the year	162,398	251,511
Capital reserve arising on issue of shares to minority	<u>10,301</u>	<u>11,569</u>
At 4 April 1998	<u>802,889</u>	<u>630,190</u>

**16. FINANCIAL COMMITMENTS**

The company has operating lease commitments to pay during the next year as follows:

	<b>£</b>	<b>£</b>
Land and buildings		
Ending within one year	13,231	9,523
Ending within two to five years	34,950	37,360
Ending after five years	<u>7,500</u>	<u>14,750</u>
	<u>55,681</u>	<u>61,633</u>
Motor vehicles		
Ending within one to two years	21,247	32,573
Ending within two to five years	<u>6,369</u>	<u>6,369</u>
	<u>27,616</u>	<u>38,942</u>

In addition the company had authorised but not contracted for capital expenditure of £285,000 (1997: £Nil).

**17. POST BALANCE SHEET EVENTS**

On 13 May 1998, 2,500 £1 ordinary shares were purchased by the company for consideration of £184,370.

**18. RELATED PARTY TRANSACTIONS**

During the year under review the group paid rent of £15,000 to Holywell Property Management a partnership in which G R Wilson is a partner.

The balance on G R Wilson's director's loan account at 4 April 1998 was £304,053. An amount of £206,033 is owed to L Davis, a shareholder of the company

**DRAEFERN HOLDINGS PLC and subsidiary undertaking**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 4 APRIL 1998**

	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
<b>19. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		
Operating profit	711,930	960,096
Depreciation charges	71,930	64,818
Loss on sale of tangible fixed assets	8,145	13,795
Increase in debtors	(85,022)	(524,090)
Increase in creditors	<u>238,547</u>	<u>248,392</u>
Net cash inflow from operating activities	<u>945,530</u>	<u>763,011</u>
<b>20. GROSS CASH FLOWS</b>		
<b>Returns on investments and servicing of finance</b>		
Interest paid	(10,200)	(1,921)
Interest received	46,726	25,932
Dividend received	<u>105</u>	<u>64</u>
	<u>36,631</u>	<u>24,075</u>
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	(85,602)	(201,908)
Receipts from sales of tangible fixed assets	<u>11,950</u>	<u>5,150</u>
	<u>(73,652)</u>	<u>(196,758)</u>
<b>Acquisitions and disposals</b>		
Redemption of shares in subsidiary	-	(20)
Issue of shares to minority	<u>10,800</u>	<u>12,000</u>
	<u>10,800</u>	<u>11,980</u>
<b>Financing</b>		
New hire purchase agreements	24,300	27,900
Capital element of hire purchase payments	<u>(19,008)</u>	<u>(18,298)</u>
	<u>5,292</u>	<u>9,602</u>

**21. ANALYSIS OF CHANGES IN NET DEBT**

	<b>At</b>	<b>Cashflows</b>	<b>At</b>
	<b>5.4.97</b>		<b>4.4.98</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	503,707	482,537	986,244
Hire purchase	<u>(9,602)</u>	<u>(5,292)</u>	<u>(14,894)</u>
	<u>494,105</u>	<u>477,245</u>	<u>971,350</u>

**DRAEFERN HOLDINGS PLC and subsidiary undertaking**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 4 APRIL 1998**

	1998 £	1997 £	
<b>19. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>			
Operating profit	711,930	960,096	
Depreciation charges	71,930	64,818	
Loss on sale of tangible fixed assets	8,145	13,795	
Increase in debtors	(85,022)	(524,090)	
Increase in creditors	<u>238,547</u>	<u>248,392</u>	
Net cash inflow from operating activities	<u>945,530</u>	<u>763,011</u>	
<b>20. GROSS CASH FLOWS</b>			
<b>Returns on investments and servicing of finance</b>			
Interest paid	(10,200)	(1,921)	
Interest received	46,726	25,932	
Dividend received	<u>105</u>	<u>64</u>	
	<u>36,631</u>	<u>24,075</u>	
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets	(85,602)	(201,908)	
Receipts from sales of tangible fixed assets	<u>11,950</u>	<u>5,150</u>	
	<u>(73,652)</u>	<u>(196,758)</u>	
<b>Acquisitions and disposals</b>			
Redemption of shares in subsidiary	-	(20)	
Issue of shares to minority	<u>10,800</u>	<u>12,000</u>	
	<u>10,800</u>	<u>11,980</u>	
<b>Financing</b>			
New hire purchase agreements	24,300	27,900	
Capital element of hire purchase payments	<u>(19,008)</u>	<u>(18,298)</u>	
	<u>5,292</u>	<u>9,602</u>	
<b>21. ANALYSIS OF CHANGES IN NET DEBT</b>			
	At 5.4.97 £	Cashflows £	At 4.4.98 £
Cash at bank and in hand	503,707	482,537	986,244
Hire purchase	<u>(9,602)</u>	<u>(5,292)</u>	<u>(14,894)</u>
	494,105	477,245	971,350