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TAUNTON ELECTRICAL SERVICES LTD  
(FORMERLY SWINDON SERVICES LTD)

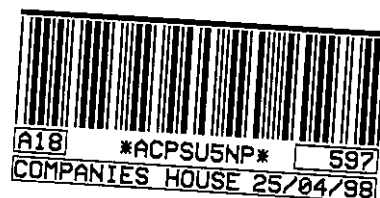
COMPANY NUMBER 2849975

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1997

Directors: M Blackwell  
M J Foden

Secretary: J H Waggott

Registered Office: Tauntonfield  
South Road  
Taunton  
Somerset  
TA1 3ND



**TAUNTON ELECTRICAL SERVICES LTD**  
**(FORMERLY SWINDON SERVICES LTD)**

**DIRECTORS' REPORT**

The Directors submit herewith their report and consolidated financial statements for the year ended 31 December 1997.

Change of company name

In accordance with a special resolution of the members of the company passed at an extraordinary general meeting on 30 April 1997, the name of the company has been changed to Taunton Electrical Services Ltd.

Results and Dividends

The Group profit for the year after taxation amounted to £11,163. The directors do not recommend payment of a dividend. This leaves a net deficit of £7,236 to be carried forward in the profit and loss account reserve.

Principal Activities

The Group's principal activities during the year were those of electrical contractors.

Fair Review of the Business

With the continued support of its Parent Company the Directors consider that the Group will continue to benefit from the rationalisation measures already taken.

Directors and their Interests

The Directors who served during the year were:

M Blackwell  
M J Foden

No director was beneficially interested in the shares of the company at any time during the year nor, with the exception of the company's holding company, in the shares of any other company in the group. Interests of directors in the holding company are disclosed in the financial statements of that company.

**TAUNTON ELECTRICAL SERVICES LTD**  
**(FORMERLY SWINDON SERVICES LTD)**

**DIRECTORS' REPORT** - Continued

Directors' Responsibilities

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

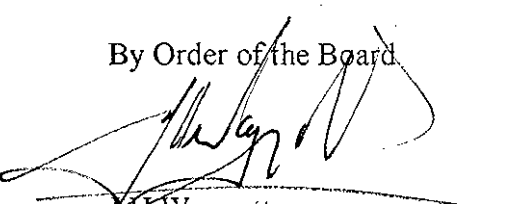
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group and to 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.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution to re-appoint Messrs Amherst & Shapland as Auditors will be put to the members at the Annual General Meeting.

By Order of the Board



J H Waggott  
Secretary.

7 April 1998

**AUDITORS' REPORT TO THE MEMBERS OF**  
**TAUNTON ELECTRICAL SERVICES LTD**  
**(FORMERLY SWINDON SERVICES LTD)**

We have audited the financial statements on pages 1 to 10 which have been prepared under the historical cost convention and the accounting policies set out on pages 4 and 5.

Respective responsibilities of directors and auditors

As described in their report 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.

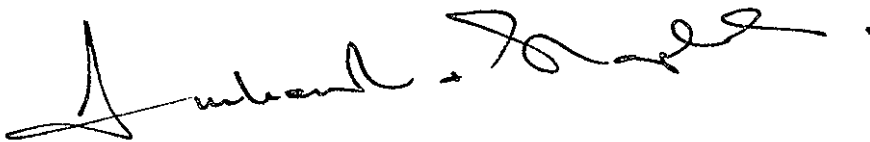
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. 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 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 of the group as at 31 December 1997 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Amherst & Shapland  
Chartered Accountants  
Registered Auditors  
Castle Lodge  
Castle Green  
Taunton  
Somerset  
TA1 4AD

7 April 1998

**TAUNTON ELECTRICAL SERVICES LTD**  
**(FORMERLY SWINDON SERVICES LTD)**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 1997**

	Note	£	1997 £	£	1996 £
TURNOVER	1				
Continuing operations			762994		1188656
Discontinued operations			(895)		228534
			-----		-----
			762099		1417190
Cost of sales			535787		1212305
			-----		-----
GROSS PROFIT			226312		204885
Administrative expenses			195994		327467
			-----		-----
OPERATING PROFIT/ (LOSS)	2				
Continuing operations		65361		113738	
Discontinued operations		(35043)		(236320)	
		-----		-----	
			30318		(122582)
Exceptional Item	4		-		1450000
			-----		-----
			30318		1327418
Interest Payable	5		19155		32576
			-----		-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			11163		1294842
Taxation on Profit on ordinary activities	6		-		-
			-----		-----
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			11163		1294842
RETAINED (LOSS) BROUGHT FORWARD			(18399)		(1313241)
			-----		-----
RETAINED (LOSS) CARRIED FORWARD			£(7236)		£(18399)
			=====		=====

There are no recognised gains or losses other than the profit for the year.

The holding company's profit for the financial year ended 31 December 1997 was £132604

As permitted by Section 230 (4) of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements.

The Notes on Pages 4 to 10 form part of these financial statements.

**TAUNTON ELECTRICAL SERVICES LTD**  
**(FORMERLY SWINDON SERVICES LTD)**

**CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 1997**

	<u>Notes</u>	£	<u>1997</u> £	£	<u>1996</u> £
<b>FIXED ASSETS</b>					
Tangible Assets					
Plant, Vehicles and Equipment	7		35524		33786
<b>CURRENT ASSETS</b>					
Stocks and Work in Progress	8	857		576	
Debtors	9	329948		911618	
Cash at bank and in hand		129		163	
		330934		912357	
<b>CREDITORS - Amount falling due within one year</b>	10	356815		947746	
<b>NET CURRENT (LIABILITIES)</b>			(25881)		(35389)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			9643		(1603)
<b>CREDITORS - Amounts falling due after more than one year</b>					
	11		879		796
<b>NET ASSETS (LIABILITIES)</b>			£8764		£(2399)
<b>CAPITAL AND RESERVES</b>					
Called up share capital					
Equity share capital	14		16000		16000
Profit and loss account (deficit)			(7236)		(18399)
<b>SHAREHOLDERS' FUNDS (DEFICIT)</b>	12		£8764		£(2399)

These financial statements were approved by the Board of Directors on 7 April 1998.

M Blackwell

M J Foden

)  
) Directors  
)

The Notes on Pages 4 to 10 form part of these financial statements.

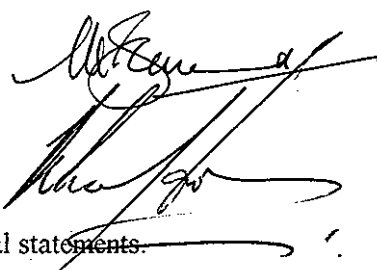
**TAUNTON ELECTRICAL SERVICES LTD**  
**(FORMERLY SWINDON SERVICES LTD)**

**BALANCE SHEET AS AT 31 DECEMBER 1997**

	<u>Notes</u>	£	1997 £	£	1996 £
<b>FIXED ASSETS</b>					
Tangible Assets					
Plant, Vehicles and Equipment	7		35524		33786
Investments					
Shares in group undertakings	13		15000		15000
<b>TOTAL FIXED ASSETS</b>			<b>50524</b>		<b>48786</b>
<b>CURRENT ASSETS</b>					
Stocks and Work in Progress	8	857		576	
Debtors	9	329948		902866	
Cash at bank and in hand		129		163	
			<b>330934</b>	<b>903605</b>	
<b>CREDITORS - Amount falling due within one year</b>	10	<b>371815</b>		<b>1075435</b>	
<b>NET CURRENT (LIABILITIES)</b>			<b>(40881)</b>		<b>(171830)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>9643</b>		<b>(123044)</b>
<b>CREDITORS - Amounts falling due after more than one year</b>	11		<b>879</b>		<b>796</b>
<b>NET ASSETS (LIABILITIES)</b>			<b>£8764</b>		<b>£(123840)</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital					
Equity share capital	14		16000		16000
Profit and loss account (deficit)			(7236)		(139840)
<b>SHAREHOLDERS' FUNDS (DEFICIT)</b>	12		<b>£8764</b>		<b>£(123840)</b>

These financial statements were approved by the Board of Directors on 7 April 1998.

M Blackwell )  
 ) Directors  
 M J Foden )



The Notes on Pages 4 to 10 form part of these financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 1997**

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Basis of Consolidation

The Group's financial statements have been prepared on a merger basis and consolidate the financial statements of the holding company and those of its two wholly owned subsidiaries. Taunton Electrical Services Ltd (formerly Swindon Services Ltd) was formed as a new company through which to merge two subsidiaries as part of a reorganisation within the WSS Investments Ltd group, and the directors consider that merger accounting should be used in the preparation of the consolidated financial statements in order to give a true and fair view of the group's financial state of affairs and performance. This policy is in accordance with Financial Reporting Standard Number 6 "Acquisitions and Mergers".

Depreciation

Depreciation is provided on all tangible fixed assets to write off the cost less estimated residual value of each asset over its expected useful economic life, and is calculated on the reducing balance basis at the following annual rates:

Motor vehicles	30%
Plant, machinery and office equipment	20%

Stocks and work in progress

Stocks and short-term contract work in progress:

Stocks and short-term contract work in progress are stated at the lower of cost and net realisable value. Cost comprises direct materials, labour, stores, sub-contract work, transport and machinery.

Long-term contract work in progress:

Long-term contract work in progress is stated at valuation, comprising total costs incurred, net of amounts transferred to the profit and loss account in respect of work carried out to date, less foreseeable losses and applicable payments on account. Cost comprises direct materials, labour, stores, sub-contract work, transport and machinery.

Profit on long-term contracts is accounted for once the outcome of a contract can be assessed with reasonable certainty and is based on the appropriate stage of completion of the contract.

Provision is made for foreseeable losses on all contracts based on the loss which is currently estimated to arise over the duration of any contract, irrespective of the amount of work carried out at the balance sheet date.

Contract valuations include the value of approved variations. Where the amount to be received in respect of these variations has not been settled, valuation is based on an estimate of the most likely settlement outcome in the light of current negotiations.



**TAUNTON ELECTRICAL SERVICES LTD**  
**(FORMERLY SWINDON SERVICES LTD)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31**  
**DECEMBER 1997 (Continued)**

Contract valuations also include claims to the extent that negotiations have reached an advanced stage and there is sufficient evidence of the acceptability of the claim in principle to the client with an indication of the amount involved also being available. Valuation is based on an estimate of the most likely settlement outcome in the light of current negotiations.

Amounts receivable on long-term contracts are included in trade debtors. The excess of the value of work done over amounts receivable is shown as amounts recoverable on contracts under the heading of debtors, and the excess of amounts receivable over the value of work done is shown as payments on account under the heading of creditors.

**Turnover**

Turnover represents the amounts invoiced, excluding valued added tax, for work completed during the period, adjusted for opening and closing work in progress.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 1997 (Continued)**

<b>2. <u>OPERATING PROFIT/(LOSS)</u></b>	<b><u>1997</u></b>	<b><u>1996</u></b>
	<b>£</b>	<b>£</b>
This is arrived at after charging/(crediting):		
Depreciation	5976	8638
Depreciation of assets held under finance leases	4540	6399
Loss/(Profit) on disposal of fixed assets	102	(309)
Auditors' remuneration	300	3500
	=====	=====
<b>3. <u>DIRECTORS AND EMPLOYEES</u></b>		
<b><u>Employees</u></b>	<b><u>1997</u></b>	<b><u>1996</u></b>
The average monthly number of employees (excluding non-executive directors) during the year was:	No.	No.
Operatives	12	20
Administrative staff	6	12
	----	----
	18	32
	==	==
Staff costs (for the above persons):	£	£
Wages and salaries	291332	422271
Social security costs	25985	34415
Other pension costs	2581	8489
	-----	-----
	£319898	£465175
	=====	=====
<b><u>Directors' Emoluments</u></b>		
	£	£
The emoluments paid to the directors comprise:		
Emoluments for directors' services	-	25050
Money purchase pension scheme contributions	-	2779
	-----	-----
	£ -	£27829
	=====	=====
The number of directors for whom money purchase pension scheme contributions were paid during the year was:	-	1
	==	==
<b>4. <u>EXCEPTIONAL ITEM</u></b>	<b><u>1997</u></b>	<b><u>1996</u></b>
Subvention payment by holding company - WSS Investments Ltd	£ -	£1450000
	=====	=====
<b>5. <u>INTEREST PAYABLE</u></b>	<b><u>1997</u></b>	<b><u>1996</u></b>
	<b>£</b>	<b>£</b>
On bank overdraft repayable within five years	17660	29351
On hire purchase obligations repayable within five years	1495	3188
Other	-	37
	-----	-----
	£19155	£32576
	=====	=====

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 1997 (Continued)**

**6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

No material United Kingdom Corporation Tax charge is expected to arise because of the availability of group relief and tax losses brought forward (1996 : Nil).

**7. PLANT, VEHICLES AND EQUIPMENT**

	<u>Group &amp; Holding Company</u>		
	<u>Motor</u>	<u>Plant and</u>	<u>Total</u>
	<u>vehicles</u>	<u>machinery</u>	
	£	£	£
<b><u>COST</u></b>			
At 1 January 1997	88859	59418	148277
Acquired from fellow subsidiary	7737	-	7737
Other additions	15990	1843	17833
Disposals	(40714)	(597)	(41311)
	-----	-----	-----
At 31 December 1997	71872	60664	132536
	=====	=====	=====
<b><u>DEPRECIATION</u></b>			
At 1 January 1997	71082	43409	114491
Acquired from fellow subsidiary	4983	-	4983
Charge for the year	6999	3517	10516
Disposals	(32649)	(329)	(32978)
	-----	-----	-----
At 31 December 1997	50415	46597	97012
	=====	=====	=====
<b><u>NET BOOK VALUE</u></b>			
At 31 December 1997	21457	14067	35524
	=====	=====	=====
At 31 December 1996	£17777	£16009	£33786
	=====	=====	=====

Included in the above are assets held under finance lease and hire purchase contracts with cost amounting to £21890 (1996: £47764), accumulated depreciation of £7548 (1996: £32828) and net book value £14342 (1996: £14936). The depreciation charge for the year in respect of these assets was £4540 (1996: £6399).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 1997 (Continued)**

8. STOCKS AND WORK IN PROGRESS

	<u>Group &amp; Holding Company</u>	
	<u>1997</u>	<u>1996</u>
	£	£
Work in progress:		
Long-term contract balances:		
Net cost less foreseeable losses	-	-
Applicable payments on account	-	-
	-----	-----
	-	-
Short-term contracts	-	-
Stocks : raw materials and consumables	857	576
	-----	-----
	£857	£576
	=====	=====

9. DEBTORS

	<u>Group</u>	<u>Holding</u>	<u>Group</u>	<u>Holding</u>
	<u>1997</u>	<u>Company</u>	<u>1996</u>	<u>Company</u>
	£	£	£	£
Trade debtors	148435	148435	459320	438534
Other debtors	-	-	13980	13980
Amounts recoverable on contracts	88301	88301	159265	171838
Prepayments	880	880	2029	2029
Owed by group undertakings	88143	88143	266551	266551
Owed by associated undertakings	832	832	7116	6577
Corporation tax recoverable	3357	3357	3357	3357
	-----	-----	-----	-----
	£329948	£329948	£911618	£902866
	=====	=====	=====	=====

10. CREDITORS: Amounts falling due within one year

	<u>Group</u>	<u>Holding</u>	<u>Group</u>	<u>Holding</u>
	<u>1997</u>	<u>Company</u>	<u>1996</u>	<u>Company</u>
	£	£	£	£
Bank overdraft	176508	176508	267010	261434
Trade creditors	103967	103967	278903	256139
Payments on account of contracts	15955	15955	176345	176345
Social security and other taxes	22950	22950	49199	49388
Hire purchase obligations	12611	12611	15939	15939
Other creditors	4891	4891	6897	6897
Accruals	6035	6035	7964	7104
Owed to group undertakings	197	15197	132897	289597
Owed to associated undertakings	13701	13701	12592	12592
	-----	-----	-----	-----
	£356815	£371815	£947746	£1075435
	=====	=====	=====	=====

**TAUNTON ELECTRICAL SERVICES LTD**  
**(FORMERLY SWINDON SERVICES LTD)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 1997 (Continued)**

11. CREDITORS: Amounts falling due after more than one year

<u>Group &amp; Holding Company</u>	
<u>1997</u>	<u>1996</u>
£	£
Hire purchase obligations	£879      £796
	=====

All amounts are due within five years

12. SHAREHOLDERS' FUNDS

Reconciliation of movements:

	<u>Group</u>	<u>Holding</u>	<u>Group</u>	<u>Holding</u>
	<u>1997</u>	<u>Company</u>	<u>1996</u>	<u>Company</u>
	£	1997	£	1996
		£		£
Profit for the financial year	11163	132604	1294842	1294842
Opening Shareholders' funds (deficit)	(2399)	(123840)	(1297241)	(1418682)
Closing Shareholders' funds (deficit)	£8764	£8764	£(2399)	£(123840)
	=====	=====	=====	=====

The surplus (deficit) on shareholders' funds relates to equity interests.

13. SHARES IN GROUP UNDERTAKINGS

		<u>1997 &amp; 1996</u>
	<u>% of nominal</u>	£
	<u>value and</u>	
	<u>voting rights</u>	
C W Lawrence (Taunton) Ltd	100	5000
Ordinary shares of £1 each		
Taunton (ES) Ltd	100	10000
Ordinary shares of £1 each		
		-----
		£15000
		=====

All group undertakings are included in the group accounts. At 31 December 1997 both C W Lawrence (Taunton) Limited and Taunton (ES) Limited were dormant.

**TAUNTON ELECTRICAL SERVICES LTD**  
**(FORMERLY SWINDON SERVICES LTD)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 1997 (Continued)**

14. SHARE CAPITAL

	<u>Authorised</u> <u>1997 &amp; 1996</u>	<u>Allotted, called up,</u> <u>issued and fully paid</u> <u>1997 &amp; 1996</u>
Ordinary shares of £1 each	£100000 =====	£16000 =====

15. PENSION SCHEME

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents the contribution payable by the Group to the fund and amounted to £2581 (1996: £8489).

16. ULTIMATE PARENT UNDERTAKING

WSS Investments Ltd is the ultimate parent undertaking.

17. SECURITIES

The bank borrowings are secured by a fixed charge on book debts and by a floating charge on other assets of the Company.

Hire purchase and leasing obligations are secured by a fixed charge on the relevant assets.

18. GUARANTEE

The Group has entered into a cross guarantee to secure the borrowings of WSS Investments Ltd which at 31 December 1997 stood at £805734 (1996: £2356164).

19. FINANCIAL COMMITMENTS

At 31 December 1997 and 1996, no capital commitments were contracted for.

20. RELATED PARTY TRANSACTIONS

The Group is controlled by WSS Investments Ltd, its parent company.

The Group is taking advantage of the disclosure exemption conferred by Financial Reporting Standard 8, "Related Party Transactions", on the grounds that its voting shares are more than 90% controlled within the WSS Investments Group.

During the year, no contracts or transactions were entered into by the company in which the directors had a material interest.

**DETAILED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED**  
**31 DECEMBER 1997**

This schedule does not form part of the statutory financial statements:

	<u>1997</u> £	<u>1996</u> £
<b><u>TURNOVER</u></b>		
Invoiced sales	597641	939624
Work in progress at end of year after adjusting payments on account	15429	(149029)
	-----	-----
	613070	790595
Work in progress at beginning of year after adjusting payments on account	149029	626595
	-----	-----
	£762099	£1417190
	=====	=====
<b>COST OF SALES</b>		
Purchases	267610	652901
Add raw materials stocks at beginning of year	576	19032
Materials issued	250	16831
	-----	-----
	268436	688764
Less raw materials stocks at end of year	856	576
	-----	-----
	267580	688188
Wages	192632	261671
Sub-contractor charges	62072	242273
Transport	21833	26663
Other direct charges	907	745
	-----	-----
	545024	1219540
Surplus on re-charging plant, etc.	9237	7235
	-----	-----
	535787	1212305
	-----	-----
<b>GROSS PROFIT</b>	226312	204885
% Gross profit to turnover	<u>29.7%</u>	<u>14.5%</u>
<b>ADMINISTRATION AND OTHER OPERATING EXPENSES (Page 12)</b>	195994	327467
	-----	-----
<b>OPERATING PROFIT/(LOSS)</b>	30318	(122582)
EXCEPTIONAL ITEM : Subvention payment from holding company : WSS Investments Ltd	-	1450000
	-----	-----
	30318	1327418
<b>INTEREST PAYABLE (Page 12)</b>	19155	32576
	-----	-----
	11163	1294842
<b>TAXATION ON THE PROFIT FOR THE YEAR</b>	-	-
	-----	-----
<b>RETAINED PROFIT</b>	11163	1294842
<b>RETAINED (LOSS) BROUGHT FORWARD</b>	(18399)	(1313241)
	-----	-----
<b>RETAINED (LOSS) CARRIED FORWARD</b>	£(7236)	£(18399)
	=====	=====

**TAUNTON ELECTRICAL SERVICES LTD**  
**(FORMERLY SWINDON SERVICES LTD)**

**CONSOLIDATED ADMINISTRATION AND OTHER OPERATING EXPENSES**

**FOR THE YEAR ENDED 31 DECEMBER 1997**

This schedule does not form part of the statutory financial statements:

	<u>1997</u>	<u>1996</u>
	£	£
Sick pay	360	2971
Holiday pay	7126	9734
Indirect labour	230	75
Salaries	119318	177881
Pension, life assurance, etc	3931	8489
Redundancy costs	-	28065
Insurance	12508	13209
Light and heat	(469)	2281
Telephone and postage	4893	19521
Printing and stationery	2952	4181
Advertising and publications	525	845
Subscriptions	3090	5273
Motor car expenses	10263	20903
Travelling and entertainment expenses	542	1736
Audit	300	3500
Other professional fees	1130	4284
Management charge	3904	12273
Sundry expenses	1378	2457
Provision for bad debts	-	-
Depreciation	10516	15037
(Profit) loss on sale of assets	102	(309)
Discounts allowed, less received	(249)	(6715)
Bank charges	2662	3188
Rent and rates less Rent received	9308	(7398)
Office equipment maintenance, hiring etc.	1537	3638
Training	(156)	1527
Health and safety etc.	39	-
Property repairs & maintenance	254	821
	-----	-----
	£195994	£327467
	=====	=====

**INTEREST PAYABLE**

Bank overdraft	17660	29351
Other interest	-	37
Hire purchase	1495	3188
	-----	-----
	19155	£32576
	=====	=====



**CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1997**

	£	1997 £	£	1996 £
Net cash inflow from operating activities				149069
Returns on investment and servicing of finance				
Interest paid			32576	
Interest received			-	
	-----		-----	
Net cash (outflow) from returns on investments and servicing of finance				(32576)
Taxation				
Corporation tax paid (including advance corporation tax)				-
Investing activities				
Payments to acquire tangible fixed assets			3092	
Receipts from sales of tangible fixed assets			(37643)	
	-----		-----	
Net cash inflow/(outflow) from investing activities				34551
		-----		-----
Net cash inflow/(outflow) before financing				151044
				-----
Net cash (outflow)/inflow from financing				(30595)
		-----		-----
Increase/(decrease) in cash and cash equivalents				£120449
		=====		=====

**NOTES TO THE CASH FLOW STATEMENT**

1. **RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	£	£
Operating (loss)		(122582)
Depreciation charges		15037
(Profit) on sale of tangible fixed assets		(309)
Decrease in stocks and work in progress		18456
Decrease/(Increase) in debtors		1010361
(Decrease)/increase in creditors		(771894)
	-----	-----
Net cash inflow from operating activities		£149069
	=====	=====

2. **ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE PERIOD**

	£	£
Balance at beginning of year		(387296)
Net cash inflow/(outflow)		120449
	-----	-----
Balance at end of year		£(266847)
	=====	=====

3. **ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN ON THE BALANCE SHEET**

	1997 £	Change in Period £	1996 £	Change in Period £	1995 £
Cash at bank and in hand			163	(861)	1024
Bank overdrafts			(267010)	121310	(388320)
	-----	-----	-----	-----	-----
			£(266847)	120449	£(387296)
	=====	=====	=====	=====	=====

4. **ANALYSIS OF CHANGES IN FINANCING DURING PERIOD**

	1997 Hire Purchase £	1996 Hire Purchase £
Balance at beginning of the year		47330
Additional financing through hire purchase		(30595)
	-----	-----
Balance at the end of year		£16735
	=====	=====