



PALL MALL HOLDINGS LIMITED

**Report and Financial Statements
30 September 1999**

**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**



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REPORT AND FINANCIAL STATEMENTS 1999

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

B Norman
D Woods
G Ridge
N Pipping
S Kemmery
J Macnamara
R Robson (resigned 24 November 1999)
J Barbour-Smith

SECRETARY

J Macnamara

REGISTERED OFFICE

141-157 Acre Lane
London
SW2 5UA

AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London
EC4A 3TR



DIRECTORS' REPORT

The directors present their annual report and the group audited financial statements for the year to 30 September 1999.

ACTIVITIES

The group's principal activity is the provision of cleaning, chamber-maiding and security services.

REVIEW OF OPERATIONS

The group made a profit before interest and taxation during the year of £1,088,000 (1998 – profit of £775,000). After charging taxation and interest paid and accrued, the profit for the year was £398,000 (1998 – profit of £104,000).

DIVIDENDS

Dividends of £24,000 (1998 – £4,000) have been proposed.

FUTURE PROSPECTS

The directors do not anticipate any significant change in the group's activities during the forthcoming year.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are shown on page 1.

The following directors have interests, as defined by the Companies Act 1985, in the shares of the company. None of the directors have interests in the shares of any other group company.

Interests held throughout the year:

	Ordinary shares	"A" Preference shares	Deferred shares	Preferred ordinary shares	"B" Preference shares
B Norman	-	-	-	2,000	-
D Woods	10,000	89,892	10,845	-	-
G Ridge	2,500	19,756	2,711	-	-
N Pipping	2,500	19,756	2,711	-	-
S Kemmery	2,500	19,756	2,711	-	-
J Macnamara	4,000	31,609	4,328	1,170	53,830
R Robson	-	-	-	-	-
J Barbour-Smith	-	-	-	-	-


YEAR 2000

The directors remain aware of the potential issues associated with the Year 2000. No significant issues have been noted and any future costs are not expected to be significant for the group.

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board


J Macnamara
Secretary

24 March 2000

**STATEMENT OF 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 as at the end of the financial year 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;
- 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, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.



AUDITORS' REPORT TO THE MEMBERS OF

PALL MALL HOLDINGS LIMITED

We have audited the financial statements on pages 5 to 20 which have been prepared under the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

As described on page 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 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 circumstances of the company and the group, 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 30 September 1999 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and
Registered Auditors

24 March 2000

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 30 September 1999

	Note	Year ended 30 September 1999 £'000	Period from 9 November 1997 to 30 September 1998 £'000
TURNOVER	1	39,200	32,143
Cost of sales		(33,847)	(28,237)
GROSS PROFIT		5,353	3,906
Distribution costs		(776)	(515)
Administrative expenses		(3,489)	(2,616)
OPERATING PROFIT	4	1,088	775
Interest receivable and similar income		83	71
Interest payable and similar charges	5	(663)	(643)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		508	203
Tax on profit on ordinary activities	6	(110)	(99)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		398	104
Dividend proposed – non equity		(24)	(4)
Retained profit for the year/period	16	374	100

A statement of total recognised gains and losses is not included in these accounts as there are no recognised gains or losses other than the profit for the year/period, shown in the profit and loss account above.

Turnover and the profit for the year/period derive from continuing operations.


CONSOLIDATED BALANCE SHEET
30 September 1999

	Note	1999 £'000	1998 £'000
FIXED ASSETS			
Intangible assets	8	71	-
Tangible assets	9	1,100	980
Investments	10	12	10
		<u>1,183</u>	<u>990</u>
CURRENT ASSETS			
Stocks	11	76	26
Debtors	12	8,005	6,396
Cash at bank and in hand		442	1,073
		<u>8,523</u>	<u>7,495</u>
CREDITORS: amounts falling due within one year	13	<u>(4,986)</u>	<u>(3,780)</u>
NET CURRENT ASSETS		<u>3,537</u>	<u>3,715</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,720</u>	<u>4,705</u>
CREDITORS: amounts falling due after more than one year	14	<u>(6,269)</u>	<u>(6,652)</u>
		<u>(1,549)</u>	<u>(1,947)</u>
CAPITAL AND RESERVES			
Called up share capital	16	4	4
Share premium account	17	323	323
Other reserve	17	24	-
Profit and loss account	17	(1,900)	(2,274)
		<u>(1,549)</u>	<u>(1,947)</u>
SHAREHOLDERS' DEFICIT		<u>(1,549)</u>	<u>(1,947)</u>
Equity		<u>(1,888)</u>	<u>(2,262)</u>
Non-equity		<u>339</u>	<u>315</u>
		<u>(1,549)</u>	<u>(1,947)</u>

These financial statements are approved by the Board of Directors on 24 March 2000.

Signed on behalf of the Board of Directors

J Macnamara
Director

D Woods
Director

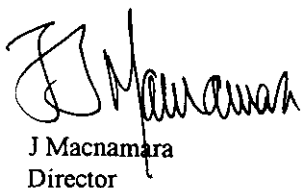


COMPANY BALANCE SHEET
30 September 1999

	Note	1999 £'000	1998 £'000
FIXED ASSETS			
Intangible assets	8	71	-
Investments	10	2,239	2,239
CURRENT ASSETS			
Debtors	12	4,323	5,063
Cash at bank and in hand		-	55
		4,323	5,118
CREDITORS: amounts falling due within one year	13	(766)	(673)
NET CURRENT ASSETS		3,557	4,445
TOTAL ASSETS LESS CURRENT LIABILITIES		5,867	6,684
CREDITORS: amounts falling due after more than one year	14	(6,269)	(6,652)
		(402)	32
CAPITAL AND RESERVES			
Called up share capital	16	4	4
Share premium account	17	323	323
Other reserve	17	24	-
Profit and loss account	17	(753)	(295)
TOTAL SHAREHOLDERS' (DEFICIT)/FUNDS		(402)	32
Equity		(741)	(283)
Non-equity		339	315
		(402)	32

These financial statements were approved by the Board of Directors on 24 March 2000.

Signed on behalf of the Board of Directors.


J Macnamara
Director


D Woods
Director


RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
Year ended 30 September 1999

	Group Year ended 30 September 1999 £'000	Group Period from 9 November 1997 to 30 September 1998 £'000	Company Year ended 30 September 1999 £'000	Company Period from 9 November 1997 to 30 September 1998 £'000
Opening shareholders' (deficit)/funds	(1,947)	(2,185)	32	149
Profit/(loss) for the year	374	100	(458)	(271)
New share capital subscribed	-	154	-	154
Goodwill	-	(16)	-	-
Non-equity dividends	24	-	24	-
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' (deficit)/funds	(1,549)	(1,947)	(402)	32
	<hr/>	<hr/>	<hr/>	<hr/>


CONSOLIDATED CASH FLOW STATEMENT
Year ended 30 September 1999

			Year ended 30 September 1999	Period from 9 November 1997 to 30 September 1998
	Note	£'000	£'000	£'000
Cash inflow/(outflow) from operating activities	18		946	(474)
Returns on investments and servicing of finance	19		(589)	(394)
Capital expenditure and financial investment	19		(556)	(344)
Acquisitions and disposals	19		(132)	(26)
Cash outflow before use of liquid resources and financing			(331)	(1,238)
Financing				
New loans raised		-		986
New shares issued		-		155
Loans repaid		(300)		(1,141)
			(300)	-
Decrease in cash in the year/period	20		(631)	(1,238)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Note	Year ended 30 September 1999	Period from 9 November 1997 to 30 September 1998
		£'000	£'000
Decrease in cash in year/period	20	(631)	(1,238)
Net cash inflow from decrease in debt		300	155
Changes in net debt during the year/period		(331)	(1,083)



NOTES TO THE ACCOUNTS

Year ended 30 September 1999

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover represents amounts chargeable to customers for goods and services, stated net of value added tax. All turnover is derived in the United Kingdom.

Tangible fixed assets

Depreciation is provided on the cost of tangible fixed assets on a straight line basis over their estimated useful lives as follows:

Land and buildings

Freehold and long leasehold buildings	1% per annum
Short leasehold property	Over the period of the lease

Plant and equipment

Plant and machinery	20% per annum
Fixtures and fittings and office equipment	20% per annum
Motor vehicles	20% per annum

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value. Work in progress balances represent accrued income for the period on specific contracts where costs have been incurred.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Pensions

The group operates a group personal pension scheme for certain employees. The annual pension cost charge represents the contributions payable by the group to the fund. These costs are expensed as they are incurred.

Leases

Rental costs under operating leases are charged to the profit and loss account in accordance with the terms of the leases over the period of the leases.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiaries for the financial year ended 30 September 1999.


NOTES TO THE ACCOUNTS
Year ended 30 September 1999
1. ACCOUNTING POLICIES (continued)
Goodwill

Following the implementation of FRS 10 "Goodwill and intangible assets", purchased goodwill is capitalised in the year in which it arises and amortised over its estimated useful economic life. The directors believe this to be 10 years in respect of the contracts acquired.

Goodwill which arose on the acquisition of a business in prior periods and was written off to reserve as a matter of accounting policy remains eliminated in reserves and will be charged or credited in the profit and loss account as appropriate on the subsequent disposal of the business to which it related.

2. INFORMATION REGARDING DIRECTORS

	Year ended 30 September 1999 £'000	Period from 9 November 1997 to 30 September 1998 £'000
Directors' emoluments:		
Receivable from the company	34	25
Receivable from subsidiary companies	445	331
	<u>479</u>	<u>356</u>
Highest paid director's emoluments:		
Receivable from subsidiary companies	124	83
Aggregate contributions to a money purchase scheme:		
Receivable from subsidiary companies	57	47
Contributions to a money purchase scheme in respect of the highest paid director:		
Receivable from subsidiary companies	20	17
	<u>No.</u>	<u>No.</u>
Number of directors who were members of a money purchase scheme	5	5


NOTES TO THE ACCOUNTS
Year ended 30 September 1999
3. STAFF COSTS

The average number of people employed by the group, including directors was:

	Year ended 30 September 1999 No.	Period from 9 November 1997 to 30 September 1998 No.
Administration	75	71
Other	4,604	4,306
	<u>4,679</u>	<u>4,377</u>
Staff costs incurred during the year/period in respect of these employees were:	£'000	£'000
Wages and salaries	28,752	23,701
Social security costs	11,753	1,452
Other pension costs	102	86
	<u>40,607</u>	<u>25,239</u>

4. OPERATING PROFIT

	Year ended 30 September 1999 £'000	Period from 9 November 1997 to 30 September 1998 £'000
Operating profit is after charging:		
Depreciation	435	383
Goodwill amortisation	8	-
Rentals under operating leases:		
Hire of plant and machinery	618	459
Other operating leases	122	137
Auditors' remuneration - audit	24	26
	<u>1,207</u>	<u>1,005</u>

5. INTEREST PAYABLE

	Year ended 30 September 1999 £'000	Period from 9 November 1997 to 30 September 1998 £'000
Bank loans and overdrafts	313	318
Debenture loans, loan stock and other loans	348	325
	<u>661</u>	<u>643</u>



NOTES TO THE ACCOUNTS

Year ended 30 September 1999

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 30 September 1999 £'000	Period from 9 November 1997 to 30 September 1998 £'000
United Kingdom corporation tax at 31% (1998 – 31%) based on the profit for the year/period	206	99
Adjustment in respect of prior period	(96)	-
	<u>110</u>	<u>99</u>

There is a disproportionate adjustment in respect of earlier periods.

7. COMPANY PROFIT AND LOSS ACCOUNT

No company profit and loss account has been prepared in these accounts as the company is entitled to an exemption under s.230 of the Companies Act. The company's loss for the year was £458,000 (1998 - £271,000).

8. INTANGIBLE FIXED ASSETS

	Goodwill £'000
Cost:	
At 1 October 1998	-
Additions in the year	79
	<u>79</u>
At 30 September 1999	79
Accumulated amortisation:	
At 1 October 1998	-
Charge for the year	8
	<u>8</u>
At 30 September 1999	8
Net book value:	
At 30 September 1999	<u>71</u>
At 30 September 1998	<u>-</u>

The cumulative amount of goodwill charged to reserves as a matter of accounting policy prior to the implementation of FRS 10 is £2,350,000 (1998 - £2,350,000).


NOTES TO THE ACCOUNTS
Year ended 30 September 1999
9. TANGIBLE FIXED ASSETS

THE GROUP	Short leasehold property £	Long leasehold property £	Plant and equipment £	Total £
Cost:				
At 1 October 1998	7	105	1,251	1,363
Additions	3	-	553	556
Disposals	-	-	(74)	(74)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 1999	10	105	1,730	1,845
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation:				
At 1 October 1998	2	1	380	383
Charge for the year	3	1	431	435
Disposals	-	-	(73)	(73)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 1999	5	2	738	745
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value:				
At 30 September 1999	5	103	992	1,100
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 1998	5	104	871	980
	<hr/>	<hr/>	<hr/>	<hr/>

The company has no fixed assets.

10. INVESTMENTS HELD AS FIXED ASSETS

The Group	Shares in group undertakings £'000
Cost:	
At 1 October 1998	10
Investment in ESOP	2
	<hr/>
At 30 September 1999	12
	<hr/>
The Company	
Cost:	
At 1 October 1998 and 30 September 1999	2,239
	<hr/>

This balance represents investments in the following group undertakings:

Subsidiary Undertakings	Class of Share	% held	Principal Activity
Pall Mall Support Services Ltd.	Ordinary	100%	Cleaning, chambermaiding and security

Pall Mall Support Services Limited is incorporated in Great Britain and operates solely within that country.

NOTES TO THE ACCOUNTS
Year ended 30 September 1999

11. STOCKS

	Group 1999 £'000	Group 1998 £'000
Raw materials and consumables	76	26

The company has no stocks or work in progress at the year end.

12. DEBTORS

	Group		Company	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Trade debtors	6,720	5,664	-	-
Amounts owed by group undertaking	-	-	4,114	4,858
Other debtors	244	251	201	197
Prepayments and accrued income	1,041	481	8	8
	<u>8,005</u>	<u>6,396</u>	<u>4,323</u>	<u>5,063</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Bank loans and overdrafts	383	287	383	287
Trade creditors	1,394	792	164	163
Other creditors	83	87	33	87
Taxation and social security	1,868	1,625	171	136
Accruals and deferred income	1,258	989	15	-
	<u>4,986</u>	<u>3,780</u>	<u>766</u>	<u>673</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

The Company and the Group	1999 £'000	1998 £'000
Bank loans and overdrafts	2,917	3,300
Debenture loans, loan stock and other loans	3,352	3,352
	<u>6,269</u>	<u>6,652</u>

NOTES TO THE ACCOUNTS
Year ended 30 September 1999

15. BORROWINGS

	1999 £'000	1998 £'000
The Company and the Group		
Bank loan	3,300	3,587
Loan notes	3,352	3,352
	<u>6,652</u>	<u>6,939</u>
Debt due within one year	383	287
Debt after more than one year	6,269	6,652
	<u>6,652</u>	<u>6,939</u>
Analysis of loan repayments:		
Bank loans and overdrafts		
Within one year or on demand	383	287
Between one and two years	478	383
Between two and five years	2,439	1,626
After five years	-	1,291
Debenture loans, loan stock and other loans		
Between two and five years	1,159	579
After five years	2,193	2,773
	<u>6,652</u>	<u>6,939</u>

The bank loan is repayable by instalments which commenced on 31 March 1999 and are due to finish on 30 September 2004. The rate of interest is set at a floating rate of 2% above LIBOR on Tranche A of £3,000,000 and at a rate of 3.5% above LIBOR on Tranche B of £750,000. The loan is secured by a fixed and floating charge over the assets of the group.

Loan notes are repayable by instalments between 30 September 2003 and 30 September 2007. The rate of interest on the notes is set at 10% per annum. The notes are secured by a subordinated debenture giving a fixed and floating charge over the assets of the group.

16. CALLED UP SHARE CAPITAL

	1999 No.	1998 No.	1999 £	1998 £
The Company and the Group				
Authorised share capital:				
Preferred ordinary shares of 1 penny	78,500	78,500	785	785
Ordinary shares of 1 penny	24,017	24,017	240	240
Deferred shares of 1 penny	23,316	23,316	233	233
"A" Preference shares of 1 penny	180,769	180,769	1,808	1,808
"B" Preference shares of 1 penny	137,618	137,618	1,376	1,376
	<u>444,200</u>	<u>444,220</u>	<u>4,442</u>	<u>4,442</u>


NOTES TO THE ACCOUNTS
Year ended 30 September 1999
16. CALLED UP SHARE CAPITAL (continued)

At the end of the year the following shares were called up, allotted and fully paid:

	1999 No.	1998 No.	1999 £	1998 £
Preferred ordinary shares of 1 penny	78,500	78,500	785	785
Ordinary shares of 1 penny	21,500	21,500	215	215
Deferred shares of 1 penny	23,316	23,316	233	233
"A" Preference shares of 1 penny	180,769	180,769	1,808	1,808
"B" Preference shares of 1 penny	112,835	112,835	1,128	1,128
	<u>416,920</u>	<u>416,920</u>	<u>4,169</u>	<u>4,169</u>

The company's share capital has the following special rights and restrictions:

The shares have dividend rights in the following order of priority:

1. Preferred Ordinary shares.

Preferred Ordinary shares have a fixed cumulative preferential dividend of 8% paid six monthly on 1 April and 30 September.

2. "B" Preference shares.

Preference shares have a fixed cumulative preferential dividend of 8% accrued and paid on sale or listing of the company.

3. Preferred Ordinary shares additional dividend.

Preferred Ordinary shares have the right to an additional cumulative preferential dividend of an amount calculated in respect of the financial year of the company as follows:

Year to 30 September	Percentage of net profit
1999	5%
2000	15%
2001 onwards	20%

4. Ordinary shares

No dividend can be paid on the Ordinary shares without the prior written consent of the holders of a majority of the Preferred Ordinary shares.

5. "A" Preference shares

"A" Preference shares do not have any right to any dividend.

The order of priority in the event of a winding up of the company is:

1. "B" Preference shares
2. "A" Preference shares
3. Accruals of "B" fixed Preference dividends
4. Preferred Ordinary shares
5. Any unpaid arrears of the fixed Preferred Ordinary dividend and any interest due on them.



NOTES TO THE ACCOUNTS

Year ended 30 September 1999

16. CALLED UP SHARE CAPITAL (continued)

The company has the right to redeem the "A" Preference shares at any time on one month's notice. Unless redeemed previously, the company will redeem all of the Preference shares on sale or listing of the company. Immediately prior to a listing, the equity share capital of the company will be restructured so that the Ordinary shares and Preferred Ordinary shares will be redesignated as one class of Ordinary shares carrying none of the special rights or restrictions attaching to the Ordinary or Preferred Ordinary shares.

Deferred shares have no rights to receive dividends or to participate in any distribution upon winding up. The shares are convertible into Ordinary shares upon the fulfilment of certain conditions.

17. RESERVES

	Share premium £'000	Goodwill reserve £'000	Other reserve £'00	Profit and loss account £'000
Group				
Balance at 1 October 1998	323	(2,350)	-	76
Profit for the year	-	-	-	374
Goodwill transferred to profit and loss account reserve in accordance with FRS 10	-	2,350	-	(2,350)
Cumulative dividends accrued on non-equity share capital	-	-	24	-
Balance at 30 September 1999	<u>323</u>	<u>-</u>	<u>24</u>	<u>(1,900)</u>

	Share premium £'000	Other reserve £'000	Profit and loss account
Company			
Balance at 1 October 1998	323	-	(295)
Loss for the year	-	-	(458)
Cumulative dividends accrued on non-equity share capital	-	24	-
Balance at 30 September 1999	<u>323</u>	<u>24</u>	<u>(753)</u>



NOTES TO THE ACCOUNTS
Year ended 30 September 1999

18. FINANCIAL COMMITMENTS

	1999 £'000	1998 £'000
Capital commitments		
Contracted for but not provided	-	6

Operating commitments

At 30 September 1999 the group was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings £'000	Other £'000
Group		
Operating leases which expire:		
Within one year	3	161
In two to five years	52	281
Over five years	32	-

19. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	Year ended 30 September 1999 £'000	Period from 9 November 1997 to 30 September 1998 £'000
Operating profit	1,088	775
Depreciation and amortisation charges	443	383
Profit/(loss) on sale of fixed assets	1	(10)
Decrease in stocks	50	2
(Increase)/decrease in debtors	(1,609)	1,739
Increase/(decrease) in creditors relating to operating activities	973	(3,363)
	946	(474)


NOTES TO THE ACCOUNTS
Year ended 30 September 1999
20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	Year ended 30 September 1999		Period from 9 November 1997 to 30 September 1998	
	£'000	£'000	£'000	£'000
Returns on investments and servicing of finance				
Interest received	83		71	
Interest paid	(670)		(463)	
Dividend paid	(2)		(2)	
		<u>(589)</u>		<u>(394)</u>
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets	(556)		(365)	
Receipts from the sale of tangible fixed assets	-		21	
		<u>(556)</u>		<u>(344)</u>
Acquisitions and disposals				
Investment in ESOP	(53)		(10)	
Payment made after adjustment to original purchase price of subsidiary	-		(16)	
Payment made to acquire contracts	(79)		-	
		<u>(132)</u>		<u>(26)</u>

21. ANALYSIS OF CHANGES IN NET DEBT

	At 30 September 1998	Cash flows	Other non-cash movements	At 30 September 1999
	£'000	£'000	£'000	£'000
Cash in hand and at bank	1,073	(631)	-	442
Debt due in less than one year	(287)	300	(396)	(383)
Debt due after more than one year	(6,652)	-	383	(6,269)
	<u>(5,866)</u>	<u>(331)</u>	<u>(13)</u>	<u>(6,210)</u>

22. RELATED PARTY TRANSACTIONS

The company is taking advantage of the exemption granted by paragraph 3(a) of Financial Reporting Standard No. 8, 'Related Party Transactions', not to disclose transactions with group companies that are related parties.