# ORCHARD FURNITURE PLC

# 1999 REPORT AND ACCOUNTS

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## CHAIRMAN'S STATEMENT

In January 1999 the Company raised £965,000 net of expenses by a placing of 9% Convertible Secured Loan Stock 2006 and ordinary shares.

My predecessor, Preston Rabl and David Harland, non executive, resigned from the board on 25th February 1999. Adrian Appleton was appointed to the board as a non-executive director on 11th March 1999 and I joined the board as Chairman on 1st April 1999.

It was apparent to the board by late spring that the fund raising in January had not achieved its aim of stabilising the Company's finances and our bankers were unwilling to provide further support. In the circumstances the board had no option but to sell the only realisable assets, which were the trading businesses of the Company's subsidiaries. These were sold on 15th June 1999 to a subsidiary of DFS Furniture Company plc for £1.5 million cash. This cash was used to repay bank borrowings which were secured by a first charge over all our assets and to the extent that there was anything remaining, to redeem part of the 9% Convertible Secured Loan Stock. This left the Company with no assets, no income and substantial liabilities.

On 17th December 1999 the Company put proposals for a Company Voluntary Arrangement to its creditors and shareholders. A meeting of creditors and an Extraordinary General Meeting will take place on 10th January 2000.

**HUGH GILLESPIE**
**CHAIRMAN**

**29th December 1999**

## DIRECTORS AND ADVISORS

| | |
|---|---|
| **Directors** | H.R. Gillespie<br>A.P. Davies<br>D.K. Exley<br>A.P. Appleton |
| **Secretary** | D.K. Exley |
| **Registered Office** | 30 City Road<br>London<br>EC1Y 2AY |
| **Registered Number** | 630968 |
| **Auditors** | Ian Duckworth & Co.<br>Chartered Accountants<br>and Registered Auditors<br>Ashley House<br>9 King Street<br>Westhoughton<br>Bolton<br>BL5 3AX |
| **Bankers** | HSBC Bank plc<br>1 St. Peter's Street<br>Derby<br>Derbyshire<br>DE1 2AE |
| **Registrars** | Independent Registrars Group Limited<br>Balfour House<br>390/398 High Road<br>Ilford<br>Essex<br>IG1 1NQ |
| **Solicitors** | Theodore Goddard<br>150 Aldersgate Street<br>London<br>EC1A 4EJ |
| **Stockbrokers and Nominated Advisors** | Peel, Hunt & Co Limited<br>62 Threadneedle Street<br>London<br>EC2R 8HP |

## DIRECTORS' REPORT

The directors present their report and the accounts for the year ended 30th June 1999.

**Principal activities**
The company operates as a holding company.

**Results**
The results for the year are set out on page 7. The loss for the financial year is £2,054,000 (1998: £10,199,000)

A review of the development of the business of the company during the year and on future developments are given in the Chairman's statement on page 1.

**Post balance sheet events**
Following the sale of the trading subsidiaries during the year and the repayment of bank borrowings the Company put proposals for a Company Voluntary Arrangement to its creditors and shareholders on 17th December 1999. A meeting of creditors and a Extraordinary General Meeting will take place on 10th January 2000 to discuss and vote on this proposal.

**Dividend**
The directors do not recommend the payment of a dividend (1998: £Nil)

**Directors**
The present directors are shown on page 2. B W Partington and PA Whitelocks resigned on 30 September 1998. P.M.C. Rabl and D.W.R. Harland resigned as directors on 25th February 1999.

The two non-executive directors are:

Hugh Gillespie, aged 57, is a Chairman of Pennine AIM VCT plc and a director of a number of other companies. He was formerly a director of Hill Samuel Bank Limited.

Adrian P. Appleton, aged 49, is a Chartered Accountant who qualified with KPMG in 1973. He has been involved in furniture manufacture for well over 20 years in both financial and commercial capacities. In recent years he has worked as a consultant.

Directors' interest in the Company's share capital are set out in Note 18.

**Substantial shareholdings**
Interests of 3% or more of the issued ordinary share capital appearing in the register of members at 29th December 1999 were:

| | |
|---|---|
| Neilson Cobbold Client Nominees Ltd PFM Acct | 16.8% |
| Morgan Nominees Limited SL Acct | 9.7% |
| RBSTB Nominees Limited | 9.5% |
| Productive Nominees Limited 48233 Acct | 6.5% |
| Peel Hunt & Company Limited PMPRINC Acct | 6.2% |
| RLAM (Nominees) Ltd Soc Acct | 5.0% |
| Willbro Nominees Limited | 4.7% |
| Morgan Nominees Limited D131 Acct | 4.4% |
| MSS Nominees Limited 775245 Acct | 4.0% |

## DIRECTORS' REPORT (CONTINUED)

**Employment policies**
The company recognises the importance of good communications and relations with its employees. The company is organised on a decentralised basis and employee participation practices are appropriate to the company's needs. Employees are kept informed of, and express their views on, activities which are likely to affect their interest, typically through line management.

It is the policy of the company that disabled people are given the same opportunity for employment, training and progression as other employees, dependent only on their skills and abilities.

**Charitable and political contributions**
No political or charitable contributions were made during the current or previous year.

***Credit payment policy***
It is company policy that appropriate terms and conditions for its transactions be agreed with its suppliers and that payment should be made in accordance with those terms and conditions, provided that the supplier has also complied with them. The company does not follow any code or standard on payment practice.

**Year 2000**
The directors are aware of the issues that may arise as a result of the millennium date change, with both computer systems and data-aware microchip based equipment. The directors have considered the implications of these issues and are satisfied that there will be no significant impact on the operations of the group. However, it is not possible to give guarantees that no unforeseen problems will arise.

**Auditors**
KMPG Audit PLC resigned as auditors on 20th December 1999 and Ian Duckworth & Co were appointed on that date.

A resolution for the reappointment of Ian Duckworth & Co is to be proposed at the Annual General Meeting.

Approved by the Board on 29th December 1999 and signed on its behalf by :

DK Exley

**D.K. EXLEY**
**Secretary**

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing these accounts, the directors confirm that they have :

a) selected suitable accounting policies and applied them consistently;
b) made judgements and estimates that are reasonable and prudent;
c) followed applicable accounting standards.

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 accounts comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## REPORT OF THE AUDITORS

**To the members of Orchard Furniture PLC**
We have audited the accounts on pages 7 to 20.

**Respective responsibilities of directors and auditors**
As described on page 5 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 as at 30th June 1999 and of the loss for the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**IAN DUCKWORTH & CO**
Chartered Accountants and Registered Auditors

**29th December 1999**

## PROFIT AND LOSS ACCOUNT

| | Notes | | 1999 £000 | | 1998 £000 |
|---|---|---|---|---|---|
| **TURNOVER** | 1 | | **54** | | **72** |
| Operating costs | 2 | | (2,036) | | (10,203) |
| **Operating loss from continuing operations** | **2** | | | | |
| Excluding exceptions | | (420) | | (373) | |
| Exceptional items | | (1,562) | | (9,758) | |
| | | | (1,982) | | (10,131) |
| Interest | 3 | | (72) | | (68) |
| **Loss on ordinary activities before tax** | 4 | | (2,054) | | (10,199) |
| Tax on loss on ordinary activities | 7 | | - | | - |
| **Loss for the financial year** | 15 | | **(2,054)** | | **(10,199)** |
| **Loss per share before exceptional items** | 8 | | (1.2)p | | (1.5)p |
| **Basic loss per share** | 8 | | (5.8)p | | (40.3)p |

**There were no recognised gains or losses other than disclosed above and there have been no discontinued activities or acquisitions in the current or preceding period.**

## CASH FLOW STATEMENT

| | Notes | | 1999 £000 | | 1998 £000 |
|---|---|---|---|---|---|
| **Net cash outflow from operating activities** | 19 | | **(1,609)** | | **(274)** |
| **Returns on investments and servicing of Finance** | | | | | |
| Interest paid | | (72) | | (64) | |
| | | | (72) | | (64) |
| **Taxation** | | | - | | - |
| **Capital expenditure and financial investment** | | | | | |
| Receipts from sales of tangible fixed assets | | 1,100 | | 42 | |
| Payments to acquired tangible fixed assets | | - | | (49) | |
| | | | 1,100 | | (7) |
| **Net cash outflow before financing** | | | **(581)** | | **(345)** |
| **Financing** | | | | | |
| Repayment of bank loan and overdraft | | (460) | | (62) | |
| Repayment of Convertible Secured Loan Stock | | (149) | | - | |
| New loans | | - | | 427 | |
| Proceeds from new share issue | | 195 | | - | |
| Proceeds from issue of Convertible Secured Loan Stock | | 1,000 | | - | |
| | | | 586 | | 365 |
| **Increase in cash** | 20 | | **5** | | **20** |

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 1999<br>£000 | 1998<br>£000 |
|---|---|---|
| Loss for the financial year | (2,054) | (10,199) |
| Proceeds from issue of shares | 195 | - |
| Proceeds from issue of Convertible Secured Loan Stock | 1,000 | - |
| Repayment of Convertible Secured Loan Stock | (149) | - |
| **Net decrease in shareholders' funds** | **(1,008)** | **(10,199)** |
| **Opening shareholders' funds** | **720** | **10,919** |
| **Closing shareholders' funds** | **(288)** | **720** |

## BALANCE SHEET

| | Notes | 1999 £000 | 1998 £000 |
|---|---|---|---|
| **Fixed Assets** | | | |
| Tangible assets | 9 | - | 1,275 |
| Investments | 10 | - | - |
| | | **-** | **1,275** |
| **Current assets** | | | |
| Debtors | 11 | - | 37 |
| Cash | | 5 | - |
| | | **5** | **37** |
| **Creditors** | | | |
| Amounts falling due within one year | 12 | (293) | (365) |
| **Net current liabilities** | | **(288)** | **(328)** |
| **Total assets less current liabilities** | | **(288)** | **947** |
| **Creditors** | | | |
| Amounts falling due after more than one year | 12 | - | (227) |
| **Net (liabilities)/assets** | | **(288)** | **720** |
| **Capital and reserves** | | | |
| Called up share capital | 14 | 5,079 | 5,059 |
| Share premium account | 15 | 6,330 | 6,155 |
| Other reserves | 15 | 557 | 557 |
| Profit and loss account | 15 | (13,105) | (11,051) |
| **Equity Shareholders' funds** | | **(1,139)** | **720** |
| **Non equity share capital** | | | |
| Convertible secured loan stock | | 851 | - |
| **Total Shareholders' funds** | | **(288)** | **720** |

**Approved by the Board on 29th December 1999**

A.P. Davies ............................ } Directors
D.K. Exley ............................ }

## ACCOUNTING POLICIES

### 1. Basis of preparation

The financial statements are prepared in accordance with applicable Accounting Standards and prepared under the historical cost accounting rules modified to include the revaluation of certain freehold land and buildings.

### 2. Depreciation

Depreciation is calculated to write down the cost or valuation of fixed assets to their estimated residual values in annual instalments over their anticipated useful economic lives as follows:

| | |
|---|---|
| Freehold buildings | 2% |
| Plant and equipment | 10% - 25% |

Freehold land is not depreciated.

### 3. Leases

Certain items of plant, equipment and vehicles may be financed by leasing arrangements which give rights that approximate to ownership. These are included in the balance sheet as fixed assets at cost less depreciation and the capital element of future rentals is treated as a liability. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments included in creditors.

Rentals payable under operating leases are charged to the profit and loss account as incurred.

### 4. Deferred tax

No provision is made nor asset recognised for deferred taxation unless there is a reasonable probability that the liability or asset will crystallise in the foreseeable future.

### 5. Pension commitments

The company has accrued contributions to employees personal pension schemes. Contributions are charged against profits in the year in which they arise.

## NOTES

### 1. Analysis of Results
The directors consider that the company has a single activity. All turnover and profits originate from operations in the United Kingdom.

### 2. Operating loss
The exceptional items shown by the 1999 accounts relate to the cost of raising additional working capital finance of £198,000 and provision against irrecoverable loans made to former subsidiary companies in the amount of £1,364,000. The exceptional items shown by the 1998 accounts represent a provision against a loan made to Wyefield Holdings Limited of £8,310,000 and a provision against the value of investments in subsidiary undertakings of £1,434,000 together with other exceptional items of £14,000.

### 3. Interest (net)

| | | 1999 £000 | 1998 £000 |
|---|---|---|---|
| Payable | - on bank loans and overdrafts | 30 | 39 |
| | - all other loans | 42 | 29 |
| | | **72** | **68** |

### 4. Loss on ordinary activities before tax

| This is stated after charging: | 1999 £000 | 1998 £000 |
|---|---|---|
| Depreciation | | |
| - owned assets | 39 | 49 |
| Operating leases rentals: | | |
| - plant and equipment | 10 | 27 |
| Auditors: | | |
| - Company audit fee | 10 | 10 |

Fees paid to the auditor and its associates in respect of non-audit services amount to £Nil (1998: £21,000)

### 5. Employees
The average number of employees during the year was:

| | 1999 Number | 1998 Number |
|---|---|---|
| Administration | **5** | **6** |

| The aggregate payroll costs were: | £000 | £000 |
|---|---|---|
| Wages and salaries | 215 | 206 |
| Social security costs | 21 | 19 |
| Other pension costs | 17 | 24 |
| | **253** | **249** |

### 6. Remuneration of directors

The remuneration, excluding pension contributions, of the directors in the year to 30 June 1999 is made up as follows:

| | Salary and fees £000 | Taxable Benefits £000 | Total 1999 £000 | Total 1998 £000 |
|---|---|---|---|---|
| H.R. Gillespie | 4 | - | 4 | - |
| A.P. Appleton | 7 | - | 7 | - |
| P.M.C. Rabl | 10 | 2 | 12 | 46 |
| D.W.R. Harland | 6 | - | 6 | 13 |
| A.P. Davies | 71 | 6 | 77 | 66 |
| D.K. Exley | 71 | 4 | 75 | 64 |
| B.W. Partington | 15 | 2 | 17 | 50 |
| P.A. Whitelocks | 15 | 2 | 17 | 76 |
| | **199** | **16** | **215** | **315** |

Pension contributions totalling £16,500 (1998: £24,000) were paid in respect of P.M.C. Rabl (£Nil), A.P. Davies (£6,750), D.K. Exley (£6,750), P.A. Whitelocks (£1,500), and B.W. Partington (£1,500). Information concerning directors' share options is given in Note 18.

The number of directors to whom benefits were accruing under money purchase pension schemes was 2 (1998 : 5).

Directors' service contracts are terminable by a notice period not exceeding one year.

### 7. Tax

No charge to corporation tax arises as a result of losses in this and the previous year.

### 8. Loss per share

| | 1999 | 1998 |
|---|---|---|
| Loss for the financial year | (2,054,000) | (10,199,000) |
| Number of shares in issue (weighted average) | 35,045,753 | 25,295,753 |
| Basic loss per share | (5.8)p | (40.3)p |
| Exceptional items per share | (4.5)p | (38.5)p |
| Loss per share before exceptional items | (1.2)p | (1.5)p |

The fully diluted earnings per share has not been given because the basic earnings per share is a loss and the fully diluted figure would be higher.

## 9. Tangible fixed assets

| | Freehold land and buildings £000 | Plant and equipment £000 | Total £000 |
|---|---|---|---|
| **Cost or valuation:** | | | |
| At 1 July 1998 | 1,200 | 142 | 1,342 |
| Additions | - | - | - |
| Disposals | (1,200) | (142) | (1,342) |
| **At 30 June 1999** | - | - | - |
| **Depreciation** | | | |
| At 1 July 1998 | 50 | 17 | 67 |
| Charge in the period | 9 | 30 | 39 |
| Disposals | (59) | (47) | (106) |
| **At 30 June 1999** | - | - | - |
| **Net book value** | | | |
| **At 30 June 1999** | - | - | - |
| **At 30 June 1998** | **1,150** | **125** | **1,275** |

**10. Fixed Assets investments**

| | Shares in group undertakings £000 | Loans to group undertakings £000 | Total £000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 July 1998 | 5,434 | 8,310 | 13,744 |
| Disposals | (4,474) | - | (4,474) |
| **At 30 June 1999** | **960** | **8,310** | **9,270** |
| **Provisions** | | | |
| At 1 July 1998 | 5,434 | 8,310 | 13,744 |
| Disposals | (4,474) | - | (4,474) |
| Provided in the year | - | - | - |
| **At 30 June 1999** | **960** | **8,310** | **9,270** |
| **Net book value** | | | |
| **At 30 June 1999** | - | - | - |
| **At 30 June 1998** | - | - | - |

The subsidiary undertaking, is Wyefield Holdings Limited, and the class and percentage of shares held are shown below:

| Class of shares held | Percentage |
|---|---|
| 5% redeemable cumulative convertible non-voting preference shares | 100% |
| Ordinary shares | 100% |

This company is effectively an non trading, intermediate holding company and as such can be regarded as immaterial in terms of the requirement to produce group accounts.

In addition to the shareholding there is a loan due from a subsidiary undertaking, Wyefield Furniture Holdings Limited of £8,310,000 (1998: £8,310,000). This loan, which was fully provided against during the previous year, has no fixed repayment date and is regarded as having the nature of a long-term investment in subsidiaries. (All trading subsidiary companies were disposed of before the year end as a result of their liquidation).

NOTES

**11. Debtors**

| | 1999 £000 | 1998 £000 |
|---|---|---|
| **Due within one year** | | |
| Amounts owing by subsidiary undertakings | - | 25 |
| Other debtors | - | 12 |
| | **-** | **37** |

**12. Creditors**

| | 1999 £000 | 1998 £000 |
|---|---|---|
| **Amounts falling due within one year** | | |
| Bank loans and overdraft | - | 233 |
| Trade creditors | 57 | 27 |
| Social security and other taxes | 117 | 14 |
| Other creditors | 51 | 17 |
| Accruals | 68 | 74 |
| | **293** | **365** |
| **Amounts falling due after more than one year** | | |
| Bank loans: | | |
| Between one and two years | - | 67 |
| Between two and five years | - | 160 |
| | - | **227** |

**13. Provisions for liabilities and charges**

No provision has been made for any actual or potential liability to deferred tax due to the availability of tax losses.

## 14. Called up share capital

| | 1999 £000 | 1998 £000 |
|---|---|---|
| **Authorised** | | |
| 34,102,671 Ordinary shares of 20p each | - | 6,821 |
| 1,786,679,353 Ordinary shares of 0.1p each | 1,787 | - |
| 25,295,753 Deferred shares of 19.9p each | 5,034 | - |
| | **6,821** | **6,821** |
| **Issued and fully paid** | | |
| 25,295,753 Ordinary shares of 20p each | - | 5,059 |
| 44,795,753 Ordinary shares of 0.1p each | 45 | |
| 25,295,753 Deferred shares of 19.9p each | 5,034 | - |
| | **5,079** | **5,059** |

19,500,000 ordinary shares of 0.1p each were issued on 6th January 1999 at a price of 1p each in order to provide the company with appropriate working capital to meet its needs.

Under the Company's Executive Share Option Scheme, the following share options have been granted and were outstanding at 30th June 1999:

| | Exercise Price | Number |
|---|---|---|
| **Exercisable between:** | | |
| March 2002 and March 2009 | 1.25p | 650,000 |

## 15. Reserves

| | *Share* Premium £000 | *Other* Reserves £000 | *Profit and* loss account £000 | Total £000 |
|---|---|---|---|---|
| At 1 July 1998 | 6,155 | 557 | (11,051) | (4,339) |
| Retained loss for the year | - | - | (2,054) | (2,054) |
| Share premium arising in the year | 175 | - | - | 175 |
| **At 30 June 1999** | **6,330** | **557** | **(13,105)** | **(6,218)** |

## NOTES

### 16. Contingent liabilities

The Company had entered into cross guarantees with various suppliers to its subsidiary companies and following the liquidation of these companies these guarantees will crystalise. It is not possible to quantify the value of these claims since many will be settled by the liquidators of the appropriate companies and some guarantees are under dispute. The directors consider that the amount payable under these guarantees will be £662,309 but the final figure may be slightly less. This sum has not been provided for in these accounts.

### 17. Pension schemes

The Company operated during the period certain defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to personal pension schemes and amounted to £16,500 (1998: £24,000).

### 18. Directors' interests in shares and options

The interest of the directors in office at 30th June 1999 in the ordinary share capital of the Company were as follows:

| | 30 June 1999 Ordinary shares of 20p | | 30 June 1998 Ordinary shares of 20p | |
|---|---|---|---|---|
| | Fully paid | Options | Fully paid | Options |
| P.M.C. Rabl | N/A | N/A | 2,516,450 | - |
| D.W.R. Harland | N/A | N/A | 1,017,750 | - |
| H.R. Gillespie | - | - | N/A | N/A |
| A.P. Appleton | 56,675 | - | N/A | N/A |
| A.P. Davies | 66,166 | 325,000 | 66,156 | 150,000 |
| D.K. Exley | 32,000 | 325,000 | 32,000 | 125,000 |
| B.W. Partington | N/A | N/A | 12,000 | 150,000 |
| P.A. Whitelocks | N/A | N/A | - | 150,000 |

As at 29th December 1999 there had been no other alteration to the directors' shareholdings since 30th June 1999. At 30th June 1999 directors were the beneficial holders of all shares listed.

### 18. Directors' interests in shares and options (continued)

Details of share options held by directors in office at 30th June 1999 are as follows:

| | Held on 1.7.98 | Granted in year | Held on 30.6.99 | Exercise price | Net Value | Exercisable Earliest | Exercisable Latest |
|---|---|---|---|---|---|---|---|
| A.P. Davies | 150,000 | (150,000) | - | 20.0p | Nil | Mar 1999 | Jan 2008 |
| A.P. Davies | - | 325,000 | 325,000 | 1.25p | Nil | Mar 2002 | Mar 2009 |
| D.K. Exley | 125,000 | (125,000) | - | 20.0p | Nil | Jan 2000 | Jan 2008 |
| D.K. Exley | - | (325,000) | 325,000 | 1.25p | Nil | Mar 2002 | Mar 2009 |
| B.W. Partington | 150,000 | (150,000) | - | 20.0p | Nil | Mar 1999 | Mar 2007 |
| P.A. Whitelocks | 150,000 | (150,000) | - | 20.0p | Nil | Jan 2000 | Jan 2008 |

The shares were suspended on 15th June 1999.

Since the shares were suspended on 15th June 1999 the closing price of the Company's shares on 30th June 1999 was below the exercise prices of all options held. Therefore the options had a 'nil' net value at that date. No options were exercised during the year. The above options may only be exercised if the growth in the Company's earning per share exceeds inflation by more than 5% over the three year period immediately preceding the proposed exercise.

On 30th September 1998, the options held by B.W. Partington and P.A. Whitelocks were relinquished on their resignation as directors of the Company.

### 19. Reconciliation of operating loss to net cash outflow from operating activities.

| | 1999 £000 | 1998 £000 |
|---|---|---|
| Operating loss | (1,982) | (10,135) |
| Depreciation | 39 | 49 |
| Loss / (profit) on disposal of fixed assets | 136 | (15) |
| Other amounts written off investments | - | 9,744 |
| Decrease in debtors | 37 | 232 |
| Increase / (decrease) in creditors | 161 | (149) |
| | **(1,609)** | **(274)** |

## NOTES

### 20. Reconciliation of net cash flow to movements in net debt

| | £000 |
|---|---|
| Increase in cash in the year | 5 |
| Cash inflow from increase in debt and in-substance borrowings | 586 |
| Change in net debt in the year | 591 |
| Net debt at 1 July 1998 | 460 |
| **Net debt at 30 June 1999** | **1,051** |

### 21. Analysis of changes in net debt

| | At 1 July 1998 £000 | Cash Flow £000 | Other non-Cash changes £000 | At 30 June 1999 £000 |
|---|---|---|---|---|
| Cash | - | (5) | - | (5) |
| Overdraft | (160) | 160 | - | - |
| Debt due after more than one year | (227) | 227 | - | - |
| Debt due within one year | (73) | 73 | - | - |
| Issue of shares | - | (195) | - | (195) |
| Issue of Convertible Secured Loan Stock less repayments made in the year | - | (851) | - | (851) |
| | **(460)** | **(591)** | **-** | **(1,051)** |