ANGLO-WELSH GROUP PLC
(FORMERLY ANGLO-WELSH GROUP LIMITED)

COMPANY NUMBER 2929801

REPORT AND GROUP FINANCIAL STATEMENTS

31 DECEMBER 1996

ANGLO-WELSH GROUP PLC

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1996

DIRECTORS	D L COURT (CHAIRMAN) W FURNISS D A DAYNES D S McCALL
SECRETARY	D A DAYNES
REGISTERED OFFICE	5 PRITCHARD STREET BRISTOL BS2 8RH
AUDITORS	ROBSON TAYLOR CHARTER HOUSE THE SQUARE LOWER BRISTOL ROAD BATH BA2 3BH
BANKERS	MIDLAND BANK PLC 45 MILSOM STREET BATH BA1 1DU
SOLICITORS	LAYTONS ST BARTHOLOMEWS LEWINS MEAD BRISTOL BS1 2NH
STOCKBROKERS	ROWAN DARTINGTON & CO. LIMITED THE COLSTON TOWER BRISTOL BS1 4RD

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report, together with the financial statements of the group for the year ended 31 December 1996.

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 group and of the profit or loss of the group for that year. In preparing those financial statements, the directors are required to:

1. Select suitable accounting policies and then apply them consistently;

2. Make judgements and estimates that are reasonable and prudent;

3. 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.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The company's principal activity during the period to 30 June 1996 continued to be the provision of management services to subsidiary companies. During the year, the company acquired the trade, trading assets and liabilities of its subsidiary undertakings, Anglo-Welsh Waterway Holidays Limited (1 July 1996) and Boating Bargains Limited (1 January 1996), by means of intercompany loan. Since 30 June 1996 the company's principal activity has been that of providing canal boat holidays in the United Kingdom and its subsidiaries have been dormant.

On 26 July 1996 the company registered as a public limited company and changed its name to Anglo-Welsh Group Plc.

The trading of the business for the year was satisfactory.

RESULTS AND APPROPRIATIONS

The profit for the year after taxation was £364,891.

The directors do not recommend a final dividend, an interim dividend of £7,807 has been paid and the balance of profit of £357,084 will be transferred to reserves.

FIXED ASSETS

The movements in fixed assets during the year are set out in notes 11 and 12 to the financial statements.

ANGLO-WELSH GROUP PLC

REPORT OF THE DIRECTORS

DIRECTORS AND DIRECTORS' INTERESTS

The directors and their beneficial interests in the share capital of the company during the year were:-

	50p Ordinary shares	
	1996	1995
W Furniss	50,000	25,000
K Gate (resigned 25 January 1996)	-	25,000
D A Daynes	50,000	25,000
D S McCall (appointed 28 October 1996)	-	-
D L Court (appointed 8 October 1996)	-	-

PURCHASE OF OWN SHARES

On 19 July 1996 the Preference Shares and the 'A' Ordinary Shares were redeemed for the consideration of £220,883 and £75,833 respectively.

POST BALANCE SHEET EVENTS

On 26 February 1997 the group successfully floated on the Alternative Investment Market. Full details of the share issue are shown in note 26 to these financial statements. On 1 January 1997 the group took on the trade of New Mills Services Limited. The final consideration for the trading assets has yet to be agreed. On 28 February 1997 the group completed the acquisition of Dartline Boatbuilders (Bunbury) Limited, Dartline Cruisers Limited, Dartline (Tardebigge) Limited, Shropshire Union Cruisers Limited, Canal Pleasurecraft Limited and Trevor Wharf Services Limited. See note 26 for details.

PAYMENT POLICY

The company's payment policy is to pay its suppliers by the due date specific to each transaction.

CORPORATE GOVERNANCE

Steps are being taken by the directors to ensure that the group complies with the spirit of the Code of Best Practice incorporated in the Report of the Cadbury Committee on the Financial Aspects of Corporate Governance.

AUDITORS

The auditors, Robson Taylor, have indicated their willingness to continue in office, and a resolution for their reappointment will be submitted to the Annual General Meeting.

By Order of the Board

D A Daynes
Secretary

5 Pritchard Street
Bristol

27 May 1997

ANGLO-WELSH GROUP PLC

REPORT OF THE AUDITORS

TO THE MEMBERS

We have audited the financial statements on pages 4 to 19 which have been prepared under the historical cost convention, apart from the inclusion of certain fixed asset investments at valuation, and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 1 the group's directors are responsible for the preparation of the 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 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 mis-statement, 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 the company and of the group's affairs at 31 December 1996 and of the group's profit and cashflows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Robson Taylor

Registered Auditors
Bath
28 May 1997

ANGLO-WELSH GROUP PLC

GROUP PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 1996

	Note	1996 £	1996 £	1995 £	1995 £
TURNOVER FROM CONTINUING OPERATIONS	2		1,406,165		1,370,106
Cost of sales			(809,979)		(826,770)
GROSS PROFIT			596,186		543,336
Administrative expenses			(489,966)		(555,199)
OPERATING PROFIT/(LOSS) FROM CONTINUING OPERATIONS			106,220		(11,863)
Profit on sale of fixed assets			3,832		16,500
Exceptional item from continuing operations	3		-		(85,249)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION			110,052		(80,612)
Interest receivable and similar income	4	3,647		8,586	
Interest payable and similar charges	5	(21,359)		(17,992)	
			(17,712)		(9,406)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	7		92,340		(90,018)
Taxation	8		272,551		1,003
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION			364,891		(89,015)
Additional finance cost of non-equity shares	9		(7,807)		(29,765)
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR			357,084		(118,780)
BASIC EARNINGS PER SHARE (IN PENCE)			832.2		(316.7)

STATEMENT OF RETAINED (LOSSES)

	Note	1996 £	1995 £
Accumulated (losses) at 1 January 1996		(123,816)	(5,036)
Retained profit/(loss) for the year		357,084	(118,780)
Transfer to Capital Redemption reserve	21	(182,083)	-
Premium on redemption of share capital	21	(101,250)	-
RETAINED (LOSSES) AT 31 DECEMBER 1996		(50,065)	(123,816)

In the years ended 31 December 1996 and 31 December 1995 the only gain or loss recognised by the group was the result for the year.

The reported profit was found under the historical cost convention.

The notes on pages 8 to 18 form part of these financial statements.

ANGLO-WELSH GROUP PLC

GROUP BALANCE SHEET

31 DECEMBER 1996

	Note	1996 £	1996 £	1995 £	1995 £
FIXED ASSETS					
Tangible assets	11		1,414,546		1,309,596
CURRENT ASSETS					
Stocks	13	47,865		45,911	
Debtors	14	143,337		87,606	
Cash at bank and in hand		2,943		54,885	
		194,145		188,402	
CREDITORS: amounts falling due within one year	15	(532,701)		(302,929)	
NET CURRENT LIABILITIES			(338,556)		(114,527)
TOTAL ASSETS LESS CURRENT LIABILITIES			1,075,990		1,195,069
CREDITORS: amounts falling due after more than one year	16	(217,492)		(133,480)	
PROVISIONS FOR LIABILITIES AND CHARGES	18	(26,596)		(303,438)	
			(244,088)		(436,918)
			831,902		758,151
CAPITAL AND RESERVES					
Called up share capital	20		50,000		219,583
Share premium	21		-		30,084
Capital redemption reserve	21		199,667		-
Profit and loss account			(50,065)		(123,816)
Capital reserve	21		632,300		632,300
SHAREHOLDERS FUNDS			831,902		758,151
ATTRIBUTABLE TO:-					
EQUITY INTERESTS			831,902		590,651
NON EQUITY INTERESTS			-		167,500
			831,902		758,151

Approved by the board on 27 May 1997

DIRECTORS

D L COURT

D A DAYNES

The notes on pages 8 to 18 form part of these financial statements

ANGLO-WELSH GROUP PLC

COMPANY BALANCE SHEET

31 DECEMBER 1996

	Note	1996 £	1996 £	1995 £	1995 £
FIXED ASSETS					
Tangible assets	11		1,414,546		-
Investments	12		50,416		969,656
			1,464,962		969,656
CURRENT ASSETS					
Stocks	13	47,865		-	
Debtors	14	194,001		169,467	
Cash in hand		2,943		-	
		244,809		169,467	
CREDITORS: amounts falling due within one year	15	(633,781)		(204,333)	
NET CURRENT LIABILITIES			(388,972)		(34,866)
TOTAL ASSETS LESS CURRENT LIABILITIES			1,075,990		934,790
CREDITORS: amounts falling due after more than one year	16	(217,492)		(125,977)	
PROVISIONS FOR LIABILITIES AND CHARGES	18	(26,596)		-	
			(244,088)		(125,977)
			831,902		808,813
CAPITAL AND RESERVES					
Called up share capital	20		50,000		219,583
Share premium account	21		-		30,084
Revaluation reserve	21		-		469,652
Capital redemption reserve	21		199,667		-
Profit and loss account	21		582,235		89,494
SHAREHOLDERS FUNDS	24		831,902		808,813
ATTRIBUTABLE TO:-					
EQUITY INTERESTS			831,902		641,313
NON EQUITY INTEREST			-		167,500
			831,902		808,813

Approved by the board on 27 May 1997

DIRECTORS

D L COURT

D A DAYNES

The notes on pages 8 to 18 form part of these financial statements

ANGLO-WELSH GROUP PLC

GROUP CASHFLOW STATEMENT

YEAR ENDED 31 DECEMBER 1996

	Note	1996 £	1996 £	1995 £	1995 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	27		158,423		71,169
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest paid		(21,359)		(17,992)	
Interest received		3,647		8,586	
Dividends paid		(16,641)		(26,033)	
NET CASH (OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICE OF FINANCE			(34,353)		(35,439)
Taxation paid			(5,367)		(1,616)
INVESTING ACTIVITIES					
Payments to acquire tangible fixed assets		(184,855)		(11,211)	
Receipts from the sale of tangible fixed assets		60,195		27,500	
			(124,660)		16,289
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING			(5,957)		50,403
FINANCING					
Purchase of investments		-		(4)	
Repayment of bank loan		(40,552)		(32,497)	
New bank loans		165,000		-	
Repayment of hire purchase		(10,413)		(2,789)	
Redemption of share capital		(283,333)		-	
NET CASH (OUTFLOW) FROM FINANCING			(169,298)		(35,290)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	28		(175,255)		15,113

The notes to the cashflow statements are on page 18 of these financial statements

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, apart from the inclusion of certain fixed asset investments at valuation and in accordance with relevant accounting and financial reporting standards.

The principal accounting policies of the group are set out below.

1.a STOCK

Stock has been valued at the lower of cost and net realisable value on an item by item basis of first-in, first-out cost.

1.b DEPRECIATION OF TANGIBLE ASSETS

Depreciation is calculated to write off the cost of fixed assets to estimated residual value over their expected useful lives by the straight line method at the following rates per annum;

Leasehold buildings	evenly over the lease term
Plant and equipment	20%
Motor vehicles	20%

Depreciation on narrow boats is calculated on an individual basis. An estimated residual value is calculated on the boats planned retirement age (10 years). Depreciation is then charged on a straight line basis to achieve the planned residual value. Boats 10 years and older are valued at the residual based on normal market conditions.

1.c FIXED ASSET INVESTMENTS

Fixed asset investments are stated at valuation.

1.d DEFERRED TAXATION

Provision for deferred taxation is made at the appropriate rates in respect of all material differences only to the extent that, in the opinion of the directors, there is a reasonable probability that an asset or liability will crystallise in the foreseeable future.

1.e LEASED ASSETS

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the company are capitalised. The capital element of the related rental obligations is included in creditors. The interest element of the rental obligations is charged to the profit and loss account on a straight line basis. Rentals in respect of all other leases are charged to the profit and loss account as incurred.

1.f PENSION COSTS

The company operates a defined contribution scheme.

The assets of the scheme are held separately from the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

1. ACCOUNTING POLICIES (CONTINUED)

1.g GROUP FINANCIAL STATEMENTS

The group financial statements consolidate the financial statements of Anglo-Welsh Group plc and its subsidiary undertakings at 31 December 1996 using the acquisition method. Goodwill, being the excess of the costs of interests acquired over the fair value of underlying net tangible assets, is fully written off against reserves in the year of acquisition.

In the company's financial statements, investments in subsidiary undertakings are stated at valuation. Only dividends received and receivable are credited to the holding company's profit and loss account.

No company profit and loss account is presented in accordance with the exemptions provided by s230 of the Companies Act 1985. Of the consolidated profit for the financial year attributable to the shareholders of Anglo-Welsh Group Plc a profit of £492,741 (1995: £1,898 loss) has been dealt with in the financial statements of the company.

2. TURNOVER

Turnover represents the provision of canal boat holidays within the United Kingdom during the year after the deduction of trade discounts and value added tax.

3. EXCEPTIONAL ITEMS

The exceptional item consists of the following:

	1996 £	1995 £
Office relocation costs	-	55,249
Compensation for loss of office	-	30,000
	-	85,249

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	1996 £	1995 £
Bank interest	2,547	7,009
Other interest	1,100	1,577
	3,647	8,586

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1996 £	1995 £
On bank overdraft repayable within 5 years	5,285	-
On loan repayable within 5 years	14,748	16,463
On lease and hire purchase contracts	1,204	1,387
On late payment of corporation tax	122	142
	21,359	17,992

6. STAFF NUMBER AND COSTS

	1996	1995
	£	£
The average number of employees of the company (including directors) during the year was:		
Administration (including three directors)	12	12
Operations (including one director)	7	7
	19	19
Wages and salaries	279,659	317,252
Social security costs	20,930	25,541
Other pension costs	2,595	6,470
	303,184	349,263

7. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	1996	1995
	£	£
Profit/(loss) on ordinary activities before taxation is stated after charging the following:		
Directors' remuneration	68,418	111,472
Auditors' remuneration	7,000	6,500
Other fees paid to auditors	263	-
Depreciation of owned assets	54,273	55,776
Depreciation of assets subject to hire purchase contracts	-	2,800
Directors emoluments:		
Fees and salaries	68,418	111,472
Compensation for loss of office	-	30,000
Pension contributions	-	2,000
	68,418	143,472
Further details, excluding pension contributions:		
Chairman	4,000	37,607
Highest paid director	34,743	65,000
Other directors' emoluments fell within the following ranges:	**No.**	**No.**
£Nil - £ 5,000	1	-
£ 5,001 - £10,000	-	1
£25,001 - £30,000	1	-
£30,001 - £35,000	-	1

8. TAXATION

	1996	1995
	£	£
Tax on profit on ordinary activities		
The taxation charge is based on the profit for the year and is made up as follows:		
Corporation tax at 25 and 24%	(887)	-
Adjustments in respect of prior years:		
Deferred taxation (see note 18)	273,438	1,003
	272,551	1,003

15. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 Group £	1996 Company £	1995 Group £	1995 Company £
Bank loan and overdraft (see note 17)	193,206	193,206	36,960	36,960
Trade creditors	208,729	208,729	73,986	-
Amounts owed to group undertakings	-	101,080	-	141,256
Corporation tax	19,972	19,972	19,085	-
Other taxes and social security	7,292	7,292	18,393	2,916
Other creditors	-	-	56,940	8,000
Accruals and deferred income	101,550	101,550	80,454	1,000
Proposed dividend	-	-	8,834	8,834
Related advance corporation tax	1,952	1,952	5,367	5,367
Hire purchase (see note 17)	-	-	2,910	-
	532,701	633,781	302,929	204,333

16. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1996 Group £	1996 Company £	1995 Group £	1995 Company £
Bank loan (see note 17)	217,492	217,492	125,977	125,977
Hire purchase (see note 17)	-	-	7,503	-
	217,492	217,492	133,480	125,977

17. BORROWINGS

	1996 Group £	1996 Company £	1995 Group £	1995 Company £
The aggregate amount of borrowings was as follows:				
Falling due within one year:				
Bank overdraft	123,313	123,313	-	-
Bank loan - current portion	69,893	69,893	36,960	36,960
Hire purchase	-	-	2,910	-
	193,206	193,206	39,870	36,960
Falling due after more than one year:				
Bank loan - repayable within five years	217,492	217,492	125,977	125,977
Hire purchase	-	-	7,503	-
	217,492	217,492	133,480	125,977
Aggregate amounts	410,698	410,698	173,350	162,937

Bank borrowings are secured by a mortgage debenture dated 12 December 1994 in the form of fixed and floating charges over the group's assets.

18. PROVISIONS FOR LIABILITIES AND CHARGES

	1996 Group	1996 Company	1995 Group	1995 Company
	£	£	£	£
Deferred tax (see note 19)	-	-	273,438	-
Claim	26,596	26,596	30,000	-
	26,596	26,596	303,438	-

The provision for a claim is to cover the potential liability in respect of a legal action against the company relating to its former boatbuilding activities.

19. DEFERRED TAXATION

Deferred taxation provided in the financial statements and the potential amounts, including the amounts for which provision has not been made, are as follows:

	Provided 1996	Provided 1995	Unprovided 1996	Unprovided 1995
	£	£	£	£
Capital allowances in advance of depreciation	-	273,438	269,544	-

During the year the directors have reviewed their policy in respect of narrow boats. On set up of the group in 1994 it was the directors' intention to dispose of narrow boats to its franchisees. It is now their intention to retain the fleet. The deferred tax charge has been released as the directors are of the opinion that a liability to taxation will not crystallise.

20. CALLED UP SHARE CAPITAL

	1996	1995
	£	£
Authorised:		
Equity:		
29,167 A ordinary shares of 50 pence	-	14,583
100,000 ordinary shares of 50 pence each	50,000	37,500
Non-equity:		
167,500 cumulative redeemable preference shares of £1 each	-	167,500
	50,000	219,583

	1996	1995
Allotted issued and fully paid:	£	£
Equity:		
29,167 A ordinary shares of 50 pence	-	14,583
100,000 ordinary shares of 50 pence each	50,000	37,500
	50,000	52,083
Non-equity:		
167,500 cumulative redeemable preference shares of £1 each	-	167,500
	50,000	219,583

20. CALLED UP SHARE CAPITAL (CONTINUED)

In preparation for the future admission to the Alternative Investment Market, on 19 July 1996, the Preference Shares and the A Ordinary Shares were redeemed and purchased for the consideration of £220,883 and £75,833 respectively. The nominal value of these shares (£182,083) and the original premium (£30,084) was transferred to the capital redemption reserve (see note 21). Then, on 25 July 1996, 25,000 shares were issued by way of a capitalisation of amounts standing to the credit of the capital redemption reserve. On that date the authorised share capital was amended to 100,000 50 pence ordinary shares.

On 17 January 1997 the 100,000 50 pence Ordinary Shares were subdivided into 500,000 10 pence Ordinary Shares. On that date the authorised share capital of the company was increased to 10,000,000 10p shares. A rights issue of 350,000 10 pence Ordinary Shares was made on 26 February 1997 following the allotment of 2,238,950 10 pence ordinary shares at a consideration of £1 per share when the company was floated on to the Alternative Investment Market.

21. RESERVES

GROUP

	Share premium account £	Capital redemption reserve £	Capital reserve £
Balance as at 1 January 1996	30,084	-	632,300
Transfer to capital redemption reserve	(30,084)	30,084	-
Redemption of share capital	-	182,083	-
Issue of new share capital	-	(12,500)	-
At 31 December 1996	-	199,667	632,300

The capital reserve arose from the acquisition of Harborough Marine Limited on 12 October 1994.

COMPANY

	Profit and loss account £	Share premium account £	Revaluation reserve £	Capital redemption reserve £
Balance as at 1 January 1996	89,494	30,084	469,652	-
Realised on hive up of subsidiary undertakings	-	-	(469,652)	-
Transfer to capital redemption reserve	-	(30,084)	-	30,084
Redemption of shares	(182,083)	-	-	182,083
Profit for the financial year	776,074	-	-	-
Issue new share capital	-	-	-	(12,500)
Premium on redemption of shares	(101,250)	-	-	-
At 31 December 1996	582,235	-	-	199,667

22. CAPITAL COMMITMENTS

There were no capital commitments at the balance sheet date.

23. LEASING COMMITMENTS

Future commitments under various operating leases were £15,692.

	£
Annual amounts due under property leases expiring:	
Within one year	11,458
Annual amounts due under operating leases expiring:	
Within 2 to 5 years	2,632

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit for the financial year	364,891	(89,015)
Finance cost of non-equity shares	(7,807)	(29,765)
Redemption of shares (including premium)	(283,333)	-
Net increase in shareholders' funds	73,751	(118,780)
Opening shareholders' funds	758,151	876,931
Closing shareholders' funds	831,902	758,151

25. CONTINGENT LIABILITIES

The company's bankers hold an unlimited cross guarantee between the company, Anglo-Welsh Waterway Holidays Limited, Boating Bargains Limited and Anglo-Welsh Overseas Limited.

26. POST BALANCE SHEET EVENTS

On 26 February 1997 the company successfully floated on the Alternative Investment Market. Full details of the share issue are shown in note 20 to these financial statements. On 1 January 1997 the group took on the trade of New Mills Services Ltd. The final consideration for the trading assets has yet to be agreed. On 28 February 1997 the group completed the acquisition of Dartline Boatbuilders (Bunbury) Limited, Dartline Cruisers Limited, Dartline Tardebigge Limited, Shropshire Union Cruisers Limited, Canal Pleasurecraft Limited and Trevor Wharf Services Limited. The consideration for the Dartline Group of companies was £1,234,423. The consideration for Trevor Wharf Services Limited was £140,000.

27. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	1996 £	1995 £
Operating profit/(loss)	106,220	(11,863)
Depreciation	54,273	58,576
(Increase) in stock	(1,954)	(3,610)
(Increase)/decrease in debtors	(53,779)	119,292
Increase/(decrease) in creditors	53,663	(5,977)
Cashflow in respect of exceptional items	-	(85,249)
	158,423	71,169

28. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	£	£
Balance at 1 January 1996	54,885	39,772
Net cash outflow	(175,255)	15,113
Balance at 31 December 1996	(120,370)	54,885

29. ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	£	£
Cash at bank and in hand	2,943	54,885
Bank overdraft	(123,313)	-
	(120,370)	54,885