Flightspares Limited

Directors' report and consolidated financial statements

Registered number 718149

31 December 1998

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1998.

Principal activities

The principal activity of the group continues to be stockist of aircraft spares and equipment.

Business review

During the year the directors reviewed the aircraft types that would continue to be supported and subsequent to the year end, the group disposed of its electronics and aircraft spares inventory and businesses to third parties. The losses arising from the review and the disposals, estimated at £12.9 million, have been included in the results for the year. Apart from these losses and the additional losses arising from the disposal of the HS748 inventory of £300,000, *(1997: £1 million)* the underlying trade continued at a satisfactory level.

As the major business of the group has been sold and will effectively cease to trade before 31 December 1999 there is no requirement for the business systems of the group to be Year 2000 compliant.

Proposed dividend

The directors do not recommend the payment of a dividend.

Policy and practice on payment of creditors

The company's policy is to negotiate specific terms with suppliers and customers and to pay and collect in accordance with those terms.

At the year end there were 35 days *(1997: 50 days)* purchases in trade creditors.

Directors' report *(continued)*

Directors and directors' interests

The directors who held office during the year were as follows:

Mr P J K Haslehurst	Resigned 31 December 1998
Mr D B Martin	Resigned 31 December 1998
Mr J J Hobbs	Resigned 31 December 1998
Mr W J McKnight	Resigned 30 June 1999
Mr A A Harding (Managing Director)	
Mr M Liddle	
Mr C Vandersluis	
Mr S P Dingle	Appointed 1 June 1998, Resigned 2 June 1999
Mr D Coxon	Appointed 1 June 1998

The directors who held office at the end of the financial year had the following interests in the ordinary shares of the ultimate holding company, TI Group plc, according to the register of directors' interests:

	Interest in 25p ordinary shares		**Option to acquire**	
	1998	1997	**1998**	1997
Mr M Liddle	**1,259**	-	-	-

With the exception of the interests disclosed above, no Director had any interest in the shares or debentures of any group company at either 31 December 1998 or 31 December 1997.

No Director had any options to purchase shares in TI Group plc.

Directors' report *(continued)*

Political and charitable contributions

The group made no political contributions or charitable donations during the year.

Post balance sheet events

Following the acquisition of the company's parent company, EIS Group P.L.C., by TI Group plc in July 1998, a decision was made to dispose of the company or its business. During 1999 it became evident that the estimated disposal proceeds would be significantly less than the book value of the company's net assets. In accordance with UK GAAP, a general provision of £8.9m has been recorded as an exceptional cost in these accounts, to write down the assets to their estimated net realisable value.

On 29 January 1999, the authorised share capital of Flightspares Limited was increased from £50,000 to £50,100 by the creation of a further 1,000 ordinary shares of 10p each. On 29 January 1999 100 ordinary shares of 10p each were allotted to TI Group Plc for a total consideration of £7.0 million.

On 30 June 1999 the group disposed of its assets, liabilities and trade of its Electronics business to a third party for £1.2 million.

On 24 September 1999, the group disposed of its aircraft spares stock and trade to a third party. The loss arising from this disposal is included within the results for 1998. Following the major disposal in September 1999 the activities of the group will be wound down in an orderly manner over a period of approximately six months.

Auditors

Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG will therefore continue in office.

By order of the board

M Liddle

M Liddle
Secretary

Aviation Way
Southend on Sea
Essex
SS2 6UN

26/10/99 Date

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures 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 company and to enable them to ensure that the financial statements 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 group and to prevent and detect fraud and other irregularities.

KPMG

KPMG Audit Plc
37 Hills Road
Cambridge
CB2 1XL
United Kingdom

Report of the auditors to the members of Flightspares Limited

We have audited the financial statements on pages 6 to 24.

Respective responsibilities of directors and auditors

As described on page 4 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 group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 1998 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

1 March 1999

Date

Chartered Accountants
Registered Auditor

Consolidated profit and loss account

for the year ended 31 December 1998

	Note	1998 £000	1997 £000
Group Turnover	*2*	**22,083**	20,150
Cost of sales - *including exceptional costs of £13,200,000 (1997: £1,000,000)*		**(30,884)**	(15,590)
Gross (loss)/profit		**(8,801)**	4,560
Distribution costs		**(3,729)**	(3,728)
Administrative expenses		**(894)**	(1,105)
Other operating income		**12**	4
Group operating loss	*3*	**(13,412)**	(269)
Other interest receivable and similar income (group)	*6*	**28**	45
Interest payable and similar charges	*7*		
Group		**(208)**	(425)
Loss on ordinary activities before taxation	*3-5*	**(13,592)**	(649)
Tax on loss on ordinary activities	*8*	**1,618**	267
Loss on ordinary activities after taxation		**(11,974)**	(382)
Accumulated (loss) for the year for the group		**(11,974)**	(382)

Consolidated balance sheet
at 31 December 1998

	Note	1998 £000	1998 £000	1997 £000	1997 £000
Fixed assets					
Tangible assets	*9*		**2,890**		3,145
Current assets					
Stocks - finished goods		**6,816**		25,287	
Debtors	*11*	**7,237**		4,762	
Cash at bank and in hand		**316**		55	
		14,369		30,104	
Creditors: amounts falling due within one year	*12*	**(2,581)**		(6,048)	
Net current assets			**11,788**		24,056
Total assets less current liabilities			**14,678**		27,201
Creditors: amounts falling due after more than one year	*13*		**(19,345)**		(18,293)
Provisions for liabilities and charges	*14*		**-**		(1,601)
Net (liabilities)/assets			**(4,667)**		7,307
Capital and reserves					
Called up share capital	*15*		**50**		50
Share premium account	*16*		**42**		42
Profit and loss account	*16*		**(4,759)**		7,215
Deficit on equity shareholders' funds			**(4,667)**		7,307

These financial statements were approved by the board of directors on 26/10/99 and were signed on its behalf by:

A A Harding
Director

Balance sheet
at 31 December 1998

	Note	**1998** **£000**	**£000**	1997 £000	£000
Fixed assets					
Tangible assets	*9*		**2,827**		3,081
Investments	*10*		**-**		-
			2,827		3,081
Current assets					
Stocks - finished goods		**5,720**		21,908	
Debtors	*11*	**7,780**		6,478	
Cash at bank and in hand		**312**		-	
		13,812		28,386	
Creditors: amounts falling due within one year	*12*	**(2,195)**		(5,558)	
Net current assets			**11,617**		22,828
Total assets less current liabilities			**14,444**		25,909
Creditors: amounts falling due after more than one year	*13*		**(17,297)**		(17,714)
Provisions for liabilities and charges	*14*		**-**		(1,609)
Net (liabilities)/assets			**(2,853)**		6,586
Capital and reserves					
Called up share capital	*15*		**50**		50
Share premium account	*16*		**42**		42
Profit and loss account	*16*		**(2,945)**		6,494
Deficit on equity shareholders' funds			**(2,853)**		6,586

These financial statements were approved by the board of directors on 26/10/99 and were signed on its behalf by:

A A Harding
Director

Consolidated cash flow statement

for the year ended 31 December 1998

Cash flow statement

	Note	1998 £000	1997 £000
Cash flow from operating activities	*20*	1,623	120
Returns on investments and servicing of finance	*21*	(180)	(380)
Taxation		(174)	1,244
Capital expenditure and financial investment	*21*	(33)	(138)
Cash inflow before management of liquid resources and financing		1,236	846
Financing	*21*	(975)	(827)
Increase in cash in the period		261	19

Reconciliation of net cash flow to movement in net debt

22

	1998 £000	1997 £000
Increase in cash in the period	261	19
Cash outflow from decrease in debt and lease financing	2,867	2,029
Cash inflow from increase in group loans	(1,892)	(1,202)
Change in net debt resulting from cash flows	1,236	846
Movement in net debt in the period	1,236	846
Net debt at the start of the period	(20,445)	(21,291)
Net debt at the end of the period	(19,209)	(20,445)

Consolidated statement of total recognised gains and losses
for the year ended 31 December 1998

There are no recognised gains and losses other than the loss for the period.

Reconciliations of movements in shareholders' funds
for the year ended 31 December 1998

	Group		Company	
	1998	1997	**1998**	1997
	£000	£000	**£000**	£000
Loss for the financial year	**(11,974)**	(382)	**(9,439)**	(492)
Net reduction in shareholders' funds	**(11,974)**	(382)	**(9,439)**	(492)
Opening shareholders' funds	**7,307**	7,689	**6,586**	7,078
Closing shareholders' funds	**(4,667)**	7,307	**(2,853)**	6,586

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

Basis of preparation

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

As noted in the directors report the business has been sold.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December 1998. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	2% per annum
Fixtures, fittings and equipment	-	10% to $33^1/_3$% per annum

No depreciation is provided on freehold land.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The assets and liabilities and profit and loss accounts of overseas subsidiary undertakings are translated at the closing exchange rates. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year. Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Notes *(continued)*

1 Accounting policies (continued)

Post retirement benefits

The group operates a defined contribution pension scheme for certain employees. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period. The group also contributes to selected employees personal pension schemes.

The group also contributes to the EIS Group pension scheme which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group.

Research and development expenditure

Expenditure on research and development is written off against profits in the year in which it is incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market.

Notes *(continued)*

2 Analysis of turnover

All of the group's turnover relates to the group's principal activity.

The geographical analysis of turnover is as follows:

	1998 £000	1997 £000
United Kingdom	**13,327**	9,378
Asia, Far East and Australia	**1,355**	2,762
North, South and Central America	**3,664**	4,192
Europe	**2,210**	2,373
Africa	**1,460**	1,318
Middle East	**67**	127
	22,083	20,150

3 (a) Loss on ordinary activities before taxation

	1998 £000	1997 £000
Loss on ordinary activities before taxation is stated		
after charging		
Auditors' remuneration:		
Group - audit	**28**	25
Company - audit	**28**	25
Depreciation and other amounts written off tangible fixed assets:		
Owned	**179**	158
Leased	**113**	151
Hire of other assets - operating leases	**230**	215

(b) Exceptional costs

	1998 £000	1997 £000
Loss arising from the disposal of HS748 inventory and related business	**300**	1,000
Aircraft type provision	**4,000**	-
General provision to write stock down to NRV	**8,900**	
	13,200	1,000

Notes *(continued)*

4 Remuneration of directors

	1998 £000	1997 £000
Directors' emoluments	230	179
Company contributions to defined benefit pension schemes	15	14
	245	193

5 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	1998	1997
Sales, administration and distribution	102	112
	102	112

The aggregate payroll costs of these persons were as follows:

	1998 £000	1997 £000
Wages and salaries	1,938	2,038
Redundancy costs	46	-
Social security costs	171	156
Other pension costs	86	72
Medical costs	23	20
	2,264	2,286

6 Other interest receivable and similar income - Group

	1998 £000	1997 £000
Receivable from group undertakings	25	44
Other	3	1
	28	45

Notes *(continued)*

7 Interest payable and similar charges - Group

	1998	1997
	£000	£000
On bank loans and overdrafts	**140**	339
Finance charges payable in respect of finance leases and hire purchase contracts	**68**	86
	208	**425**

8 Taxation

	1998	1997
	£000	£000
UK corporation tax at 31% *(1997: 31.50%)*	**1**	155
Deferred taxation	**(1,397)**	(391)
Overseas taxation	**49**	132
Adjustments relating to an earlier year		
Corporation tax	**(67)**	(649)
Deferred tax	**(204)**	486
	(1,618)	(267)

The corporation tax credit has been reduced by the transfer of losses for group relief for nil consideration.

Notes *(continued)*

9 Tangible fixed assets

	Freehold Land and buildings	Fixtures, fittings, tools and equipment	Total
	£000	£000	£000
Group			
Cost			
At beginning of year	2,933	1,361	4,294
Additions	-	40	40
Disposals	-	(31)	(31)
At end of year	2,933	1,370	4,303
Depreciation			
At beginning of year	358	791	1,149
Charge for year	49	243	292
On disposals	-	(28)	(28)
At end of year	407	1,006	1,413
Net book value			
At 31 December 1998	**2,526**	**364**	**2,890**
At 31 December 1997	2,575	570	3,145

Notes *(continued)*

9 Tangible fixed assets *(continued)*

	Freehold Land and buildings	Fixtures, fittings, and equipment	Total
	£000	£000	£000
Company			
Cost			
At beginning of year	2,933	1,223	4,156
Additions	-	16	16
Disposals	-	(30)	(30)
At end of year	2,933	1,209	4,142
Depreciation			
At beginning of year	358	717	1,075
Charge for year	49	218	267
On disposals	-	(27)	(27)
At end of year	407	908	1,315
Net book value			
At 31 December 1998	**2,526**	**301**	**2,827**
At 31 December 1997	2,575	506	3,081

Included within freehold land and buildings of the company and the group is an amount of £412,000 *(1997: £412,000)* in respect of freehold land which is not depreciated.

Included in the total net book value of fixtures, fittings and equipment is £127,000 (1997: £191,000) in respect of assets held under financial leases and similar hire purchase contracts. Depreciation for the year on these assets was £64,000 *(1997: £53,000)*.

Notes *(continued)*

10 Fixed asset investments

The companies in which the company had an interest at the year end are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held
Subsidiary undertakings			
Flightspares International Inc	Florida USA	Stockist of Aircraft spares and equipment	Ordinary shares 100%
Other investments			
AEM Sarl	France	Sales office	Ordinary shares 1%

11 Debtors

	Group 1998 £000	Group 1997 £000	Company 1998 £000	Company 1997 £000
Trade debtors	**2,793**	4,263	**2,179**	3,397
Amounts owed by group undertakings	**4,240**	114	**5,446**	2,726
Other debtors	**-**	49	**-**	49
Prepayments and accrued income	**204**	336	**155**	306
	7,237	4,762	**7,780**	6,478

Group and company debtors include amounts owed by a fellow subsidiary undertaking of £3,936,000 *(1997: Nil)*.

12 Creditors: amounts falling due within one year

	Group 1998 £000	Group 1997 £000	Company 1998 £000	Company 1997 £000
Bank loans and overdrafts (see note 13)	**30**	2,068	**-**	2,038
Obligations under finance leases and hire purchase contracts (see note 13)	**150**	138	**150**	138
Trade creditors	**1,640**	2,404	**1,567**	2,319
Amounts owed to group undertakings	**37**	93	**37**	93
Taxation and social security	**36**	195	**31**	153
Accruals and deferred income	**688**	1,150	**410**	817
	2,581	6,048	**2,195**	5,558

Notes *(continued)*

13 Creditors: amounts falling due after more than one year

	Group 1998 £000	Group 1997 £000	Company 1998 £000	Company 1997 £000
Bank loans and overdrafts	**15**	706	**-**	660
Obligations under finance leases and hire purchase contracts	**79**	229	**79**	229
Amounts owed to group undertakings	**19,251**	17,358	**17,218**	16,825
	19,345	18,293	**17,297**	17,714

Analysis of debt:

	Group 1998 £000	Group 1997 £000	Company 1998 £000	Company 1997 £000
Debt can be analysed as falling due:				
In one year or less, or on demand	**30**	2,068	**-**	2,038
Between one and two years	**15**	196	**-**	165
Between two and five years	**-**	510		495
	45	2,774	**-**	2,698

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	Group 1998 £000	Group 1997 £000	Company 1998 £000	Company 1997 £000
Within one year	**163**	162	**163**	162
In the second to fifth years	**81**	244	**81**	244
	244	406	**244**	406
Less future finance charges	**(15)**	(39)	**(15)**	(39)
	229	367	**229**	367

Notes *(continued)*

14 Provisions for liabilities and charges

	Taxation including deferred taxation
	£000
Group	
At beginning of year	1,601
(Credit) for the year	(1,601)
At end of year	-

The amounts provided for deferred taxation and the amounts not provided are set out below:

	1998		1997	
	Provided	**Unprovided**	Provided	Unprovided
	£000	**£000**	£000	£000
Difference between accumulated depreciation and amortisation and capital allowances	-	-	69	-
Other timing differences	-	-	1,532	-
	-	-	1,601	-

	Taxation including deferred taxation
	£000
Company	
At beginning of year	1,609
(Credit) for the year	(1,609)
At end of year	-

The amounts provided for deferred taxation and the amounts not provided are set out below

	1998		1997	
	Provided	**Unprovided**	Provided	Unprovided
	£000	**£000**	£000	£000
Difference between accumulated depreciation and amortisation and capital allowances	-	-	69	-
Other timing differences	-	-	1,540	-
	-	-	1,609	-

The deferred tax provision has been eliminated to reflect that group relief losses are relieved without consideration.

Notes *(continued)*

15 Called up share capital

	1998	1997
	£000	£000
Authorised		
Equity: 500,000 Ordinary shares of 10p each	**50**	50
Allotted, called up and fully paid		
Equity: 500,000 Ordinary shares of 10p each	**50**	50

16 Share premium and reserves

	Group	
	Share premium account	**Profit and loss account**
	£000	£000
At beginning of year	42	7,215
Accumulated loss for the year	-	(11,974)
At end of year	42	(4,759)

	Company	
	Share premium account	**Profit and loss account**
	£000	£000
At beginning of year	42	6,494
Accumulated loss for the year	-	(9,439)
At end of year	42	(2,945)

17 Contingent liabilities

The company has guaranteed the overdrafts of its principal subsidiary; the amount outstanding at the year end was $75,000 *(1997: $125,000)*.

Under the terms of the contracts for disposal of the businesses and inventory there may be adjustments before final consideration.

Notes *(continued)*

18 Commitments

(a) There are no capital commitments for the Group at the end of the financial year, for which no provision has been made:

(b) Annual commitments under non-cancellable operating leases are as follows:

	1998		1997	
	Land and buildings	**Other**	Land and buildings	Other
Group	**£000**	**£000**	£000	£000
Operating leases which expire:				
Within one year	**47**	**128**	12	199
In the second to fifth years inclusive	-	57	47	8
	47	**185**	59	207

	1998		1997	
	Land and buildings	**Other**	Land and buildings	Other
Company	**£000**	**£000**	£000	£000
Operating leases which expire:				
Within one year	-	**128**	12	199
In the second to fifth years inclusive	-	57	-	8
	-	**185**	12	207

19 Pension scheme

The group operates a defined contribution pension scheme for certain employees. The pension cost charge for the period represents contributions payable by the group to the fund. The group also contributes to selected employee's personal pension schemes.

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

The group also contributes to the EIS group defined benefit pension scheme providing benefits based on final pensionable pay, contributions being charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group. The assets of the scheme are held separately from those of the group being invested with an insurance company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 6 April 1997. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. The valuation assumed that the investment return would be 2.5% higher than the rate of annual salary increase and that present and future pensions would increase at a rate of 3% per annum.

The most recent actuarial valuation showed that the market value of the scheme's assets was £66.7m at 6 April 1997 and that the actuarial value of those assets represented 120% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of the company and employees will remain at 8.6% and 4.5% - 5% of earnings respectively.

Notes *(continued)*

20 Reconciliation of operating loss to operating cash flows

	1998 £000	1997 £000
Operating loss	**(13,412)**	(269)
Depreciation and amortisation and impairment charges	**292**	309
Profit on sale of fixed assets	**(4)**	(10)
Decrease/(increase) in stocks	**18,471**	(24)
(Increase) in debtors	**(2,475)**	(625)
(Decrease)/increase in creditors	**(1,249)**	739
Net cash inflow from operating activities	**1,623**	120

21 Analysis of cash flows

	1998 £000	1998 £000	1997 £000	1997 £000
Returns on investment and servicing of finance				
Interest received	**28**		45	
Interest paid	**(140)**		(339)	
Interest element of finance lease rental payments	**(68)**		(86)	
		(180)		(380)
Capital expenditure and financial investment				
Purchase of tangible fixed assets	**(40)**		(162)	
Sale of plant and machinery	7		24	
		(33)		(138)
Financing				
Debt due within one year:				
(Decrease)/increase/in short-term borrowing	**(2,038)**		83	
Debt due after more than one year:				
Repayment of secured loan	**(691)**		(1,986)	
New unsecured group loan	**1,892**		1,202	
Capital element of finance lease rental payments	**(138)**		(126)	
		(975)		**(827)**

Notes *(continued)*

22 Analysis of net debt

	At beginning of year £000	Cash flow £000	At end of year £000
Cash in hand, at bank	55	261	316
Debt due after one year	(706)	691	(15)
Debt due within one year	(2,068)	2,038	(30)
Finance leases	(367)	138	(229)
Inter group loan	(17,359)	(1,892)	(19,251)
Total	**(20,445)**	**1,236**	**(19,209)**

23 Post Balance Sheet events

A commentary of significant post balance sheet events is provided in the directors report.

24 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary undertaking of TI Group PLC which is the ultimate parent company incorporated in England.

Due to the accounting policies adopted by TI Group PLC no other group accounts include the results of the company.

The company's accounts have not been consolidated into the group as the company's operations were expected to be sold within 12 months of the balance sheet date and as such advantage has been taken of the exemption not to consolidate.