

BIBENDUM WINE LIMITED

REPORT AND ACCOUNTS

for the year ended

31 MARCH 1998

0/2/98



BIBENDUM WINE LIMITED

COMPANY DIRECTORY

INCORPORATION NUMBER 2218928

DIRECTORS
B.J. Collins
T.N. Heywood-Lonsdale
S.C. Farr
A.J. Arkwright
P.H.R. Gwyn
M.P. Saunders
V.A. Cazalet
J.S. Pethick
W.O. Lebus

REGISTERED OFFICE 113 Regents Park Road
London
NW1 8UR

BANKERS National Westminster Bank plc
Buckingham Branch
2 Market Hill
Buckingham
MK18 1JS

SOLICITORS Macfarlanes
10 Norwich Street
LONDON EC4A 1BD

AUDITORS Smith & Williamson
Chartered Accountants
1 Riding House Street
LONDON W1A 3AS

BIBENDUM WINE LIMITED

REPORT AND ACCOUNTS for the year ended 31 MARCH 1998

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BIBENDUM WINE LIMITED

DIRECTORS' REPORT for the year ended 31 MARCH 1998

The directors present their annual report on the affairs of the group, together with the accounts and auditors' report for the year ended 31 March 1998.

Principal activities and business review

The principal activities of the group continue to be the importation and distribution of wine.

Turnover has increased by 14% from £18,302,000 to £20,854,000. The operating profit for the year was £940,000; an increase of 1.8% over the previous year. The directors anticipate improved profitability next year.

The directors recommend a dividend of 10p per share in respect of the year ended 31 March 1998.

Directors and their interests

The directors who served during the year and their interests in the shares of the company, are shown below:

	Options (See Note 15)	Ordinary Shares of £1 each 31 March 1998	31 March 1997
B.J. Collins	30,000	271,000	311,000
T.N. Heywood-Lonsdale	30,000	150,000	150,000
S.C. Farr	30,000	128,807	128,807
A.J. Arkwright	-	75,000	75,000
P.H.R. Gwyn	-	60,000	60,000
M.P. Saunders	20,000	45,619	45,619
V.A. Cazalet	-	20,000	20,000
J.S. Pethick	-	64,404	64,404
W.O. Lebus	16,000	40,000	40,000

During the year ended 31 March 1998 Mr. T.N. Heywood-Lonsdale had a non-beneficial interest as trustee in 1,800 ordinary shares.

Fixed assets

The directors consider that the freehold land and buildings, which are included in the accounts at the book value of £900,000, had a market value of approximately £900,000 at 31 March 1998.

BIBENDUM WINE LIMITED

DIRECTORS' REPORT for the year ended 31 MARCH 1998 (Continued)

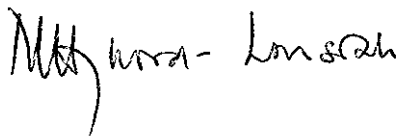
Charitable donations

During the year the company made charitable donations of £745 (1997: £553).

Auditors

The directors will place a resolution before the Annual General Meeting to re-appoint Smith & Williamson, Chartered Accountants, as auditors for the ensuing year.

APPROVED BY THE BOARD OF DIRECTORS
and signed on behalf of the Board



T N Heywood-Lonsdale
SECRETARY

113 Regents Park Road,
London, NW1 8UR

BIBENDUM WINE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those accounts, 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 accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company and 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 the group and to enable them to ensure that the accounts 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.

Smith & Williamson

Chartered Accountants

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF BIBENDUM WINE LIMITED

We have audited the accounts on pages 6 to 20 which have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and on the basis of the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

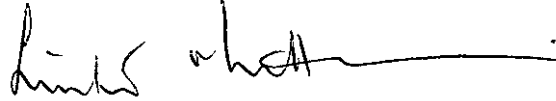
Basis of opinion

We have 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 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 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 the affairs of the group and the company at 31 March 1998 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


SMITH & WILLIAMSON
Chartered Accountants
Registered Auditors

No 1 Riding House Street
London W1A 3AS

28 May 1998

BIBENDUM WINE LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31 MARCH 1998**

	Notes	1998 £	1997 £
TURNOVER	2	20,854,315	18,301,865
Cost of sales		(16,449,151)	(14,573,100)
GROSS PROFIT		4,405,164	3,728,765
Administrative expenses		(921,141)	(790,340)
Selling and distribution costs		(2,633,278)	(2,078,279)
Other operating income		88,799	62,545
OPERATING PROFIT	3	939,544	922,691
Other interest receivable and similar income	4	20,724	5,408
Interest payable and similar charges	5	(176,627)	(118,946)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		783,641	809,153
Tax on profit on ordinary activities	7	(240,070)	(245,500)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		543,571	563,653
Dividend	8	(112,865)	(116,265)
RETAINED PROFIT FOR THE YEAR	16	£430,706	£447,388

All the group's operations are classed as continuing and there are no recognised gains or losses other than the profit for the year.

The accompanying notes are an integral part of these accounts.

BIBENDUM WINE LIMITED

BALANCE SHEETS as at 31 MARCH 1998

	Notes	Group		Company	
		31 March 1998 £	31 March 1997 £	31 March 1998 £	31 March 1997 £
FIXED ASSETS					
Tangible assets	9	1,532,502	1,170,661	632,502	270,661
Investments	10	110,500	7,500	1,010,504	907,504
		<u>1,643,002</u>	<u>1,178,161</u>	<u>1,643,006</u>	<u>1,178,165</u>
CURRENT ASSETS					
Stock	11	1,720,148	1,517,065	1,720,148	1,517,065
Debtors	12	3,970,729	3,539,967	3,970,729	3,539,967
Cash at bank		325,415	477,856	325,415	477,856
		<u>6,016,292</u>	<u>5,534,888</u>	<u>6,016,292</u>	<u>5,534,888</u>
CREDITORS: Amounts falling due within one year	13	(4,966,202)	(4,580,663)	(4,966,206)	(4,580,667)
NET CURRENT ASSETS		<u>1,050,090</u>	<u>954,225</u>	<u>1,050,086</u>	<u>954,221</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,693,092</u>	<u>2,132,386</u>	<u>2,693,092</u>	<u>2,132,386</u>
CREDITORS: Amounts falling due after more than one year	14	(982,538)	(852,538)	(982,538)	(852,538)
NET ASSETS		<u>£1,710,554</u>	<u>£1,279,848</u>	<u>£1,710,554</u>	<u>£1,279,848</u>
CAPITAL AND RESERVES					
Called up share capital	15	1,170,150	1,170,150	1,170,150	1,170,150
Revaluation reserve		200,000	200,000	-	-
Profit and loss account	16	340,404	(90,302)	540,404	109,698
SHAREHOLDERS' FUNDS	17	<u>£1,710,554</u>	<u>£1,279,848</u>	<u>£1,710,554</u>	<u>£1,279,848</u>

These accounts were approved by the Board of Directors on 26/5/98 and signed on behalf of the Board of Directors.

T.N. Heywood-Lonsdale
Director

T.N. Heywood-Lonsdale

BIBENDUM WINE LIMITED

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 MARCH 1998

	Notes	1998 £	1997 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	19	757,595	852,695
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:			
Interest received		20,724	5,408
Interest paid		(176,627)	(118,946)
		(155,903)	(113,538)
TAXATION			
Tax paid		(278,134)	-
CAPITAL EXPENDITURE:			
Payments to acquire tangible fixed assets		(486,734)	(104,812)
Acquisition of investment		(103,000)	(7,500)
		(589,734)	(112,312)
		(266,176)	626,845
FINANCING:			
Proceeds of bank loans		300,000	-
Repayment of bank loan		(70,000)	(70,000)
		230,000	(70,000)
EQUITY DIVIDEND PAID		(116,265)	-
(DECREASE)/INCREASE IN CASH	20	£(152,441)	£556,845

BIBENDUM WINE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 1998

1 Accounting policies

The accounts have been prepared in accordance with applicable accounting standards.

The principal accounting policies of the company and group, which remain unchanged from the previous year, are as follows:

Basis of accounting

The accounts are prepared under the historical cost convention, modified to include the revaluation of land and buildings.

Basis of consolidation

The group accounts consolidate the accounts of the company and all its subsidiaries made up to 31 March 1998. Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is written off against reserves on acquisition.

No profit and loss account is presented for the company, as provided by S.230 of the Companies Act 1985. All the consolidated profit for the financial year attributable to the shareholders of Bibendum Wine Limited has been dealt with in the accounts of the parent company.

Tangible fixed assets

Land and buildings are shown at valuation as set out in note 9. Other fixed assets are shown at cost.

Depreciation is provided to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Property improvements	15% per annum
Office furniture and equipment	15% per annum
Computer equipment	25% per annum

No depreciation is provided on the freehold land and buildings. It is the group's policy to maintain its property in such condition that its value is not impaired by the passage of time. Such maintenance is charged to the profit and loss account. As a consequence, depreciation would not, in the opinion of the directors, be material and no provision has therefore been made.

Employee Share Ownership Plan

The company's accounts include the Bibendum Employee Benefit Trust. Share options exercisable into these shares will be granted to certain employees. The directors consider that the company has control of the shares held by the trust and bears their benefits and risks. Shares held by the trust are shown as "own shares" within fixed asset investments. Amounts transferred which are awaiting investment in the company's shares are included in debtors. Administration expenses are charged to the profit and loss account as they accrue. The main features of the trust are detailed in note 10 to the accounts.

BIBENDUM WINE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 1998 (Continued)

1 Accounting policies (Continued)

Stocks

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

Deferred tax

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Foreign currency

Transactions denominated in foreign currencies are translated at the actual exchange rate on the date of the transaction or, where appropriate, at the rate of exchange of related forward foreign exchange contracts. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the year end or, where appropriate, at the rate of exchange of a related forward foreign exchange contract. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as a foreign exchange gain or loss in the profit and loss account.

Turnover

Group turnover comprises the value of sales (excluding VAT) of goods and services in the normal course of business.

En primeur sales

Revenue in respect of en primeur sales is recognised when invoiced and the amount is payable by the customer. The cost of the goods to be delivered is included in cost of sales and creditors. In addition, payment has usually been made to the supplier before delivery of the goods. Payments on account have been recorded as a reduction in the related creditor.

Pension costs

The company operates a defined contribution scheme for certain employees and its liability is limited to the company's element of monthly contributions. Contributions are charged to the profit and loss account as they become payable.

BIBENDUM WINE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 1998 (Continued)

2	Turnover	1998	1997
		£	£
	United Kingdom	19,705,604	17,746,752
	Rest of world	1,148,711	555,113
		<hr/>	<hr/>
		£20,854,315	£18,301,865
		<hr/> <hr/>	<hr/> <hr/>
3	Operating profit	£	£
	Operating profit is stated after charging:		
	Depreciation	124,893	78,838
	Auditors' remuneration	15,000	14,250
		<hr/>	<hr/>
4	Other interest receivable and similar income		
	Bank interest receivable	20,724	5,408
		<hr/>	<hr/>
5	Interest payable and similar charges	£	£
	On convertible unsecured loan stock 2003	29,255	29,255
	On bank loan	60,460	59,696
	On bank overdraft	86,912	29,995
		<hr/>	<hr/>
		£176,627	£ 118,946
		<hr/> <hr/>	<hr/> <hr/>
6	Information regarding directors and employees	£	£
	Employee costs during the year amounted to:		
	Wages and salaries	1,683,388	1,375,720
	Social security costs	166,296	123,154
	Pension costs	68,990	42,897
		<hr/>	<hr/>
		£1,918,674	£1,541,771
		<hr/> <hr/>	<hr/> <hr/>

BIBENDUM WINE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 1998 (Continued)

6 Information regarding directors and employees (Continued)

The average monthly number of persons employed by the group was as follows:

	1998	1997
	£	£
Selling and distribution	48	35
Administration	10	11
	<u>58</u>	<u>46</u>

Directors' remuneration

Directors' remuneration was paid in respect of executive directors as follows:

	£	£
Aggregate emoluments (including pension contributions)	427,405	368,348
Company pension contributions to money purchase schemes	34,498	15,845
	<u>461,903</u>	<u>384,193</u>

The remuneration of the highest paid director was as follows:

	£	£
Aggregate emoluments (excluding pension contributions)	113,280	104,276
Company pension contributions to money purchase schemes	11,000	6,750
	<u>124,280</u>	<u>111,026</u>

7 Tax on profit on ordinary activities

	£	£
United Kingdom corporation tax for the year at 29.6% (1997: 31%)	241,002	250,000
Over provision in respect of previous years	(932)	(4,500)
	<u>£240,070</u>	<u>£ 245,500</u>

BIBENDUM WINE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 1998 (Continued)

8	Dividend	1998	1997
	Final dividend proposed	£112,865	£116,265
		<u> </u>	<u> </u>

Dividends have been waived in respect of shares held by the Bibendum Employee Benefit Trust.

9 Tangible fixed assets

GROUP	Total	Freehold Land and Buildings	Property Improve- ments	Office Furniture & Equipment	Computer Equipment
	£	£	£	£	£
COST OR VALUATION					
At 1 April 1997	1,524,142	900,000	222,694	121,311	280,137
Additions	486,734	-	260,128	112,771	113,835
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 1998	2,010,876	900,000	482,822	234,082	393,972
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
DEPRECIATION					
At 1 April 1997	353,481	-	76,452	81,216	195,813
Charge	124,893	-	55,018	14,528	55,347
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 1998	478,374	-	131,470	95,744	251,160
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET BOOK VALUE					
At 31 March 1998	£1,532,502	£900,000	£351,352	£138,338	£142,812
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 1997	£1,170,661	£900,000	£146,242	£40,095	£84,324
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The directors consider the freehold land and buildings to have a market value of approximately £900,000 as at 31 March 1998. The cost to the group as at 31 March 1998 was £700,000 (1997: £700,000).

BIBENDUM WINE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 1998 (Continued)

9 Tangible fixed assets (Continued)

COMPANY

	Total	Property Improve- ments	Office Equipment	Computer Equipment
	£	£	£	£
COST				
At 1 April 1997	624,142	222,694	121,311	280,137
Additions	486,734	260,128	112,771	113,835
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1998	1,110,876	482,822	234,082	393,972
	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION				
At 1 April 1997	353,481	76,452	81,216	195,813
Charge	124,893	55,018	14,528	55,347
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At 31 March 1998	478,374	131,470	95,744	251,160
	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE				
At 31 March 1998	£632,502	£351,352	£138,338	£142,812
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 1997	£270,661	£146,242	£40,095	£84,324
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BIBENDUM WINE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 1998 (Continued)

10 Investments held as fixed assets	1998	Group 1997
Own shares held by Bibendum Employee Benefit Trust	£110,500	£7,500
	<u> </u>	<u> </u>
	1998	Company 1997
	£	£
Shares in subsidiaries at cost	707,675	707,675
Loan to a subsidiary	363,792	363,792
Provision against loan	(171,463)	(171,463)
Own shares held by Bibendum Employee Benefit Trust	110,500	7,500
	<u> </u>	<u> </u>
	<u>£1,010,504</u>	<u>£ 907,504</u>

The company's subsidiaries are as follows:

Mixbury Trading Company Limited

The Yorkshire Fine Wines Company Limited

H. Youdell and Company Limited

All subsidiaries are dormant, are incorporated in England and are wholly owned by the company.

The Bibendum Employee Benefit Trust was set up to purchase shares in the company, and, with the agreement of the Board, share options exercisable into these shares will be granted to certain employees. The Trust is currently funded by cash contributions from the company.

The Bibendum Employee Benefit Trust owns 41,500 shares (1997 : 7,500 shares). 19,500 shares (1997: nil) were held under option to employees.

BIBENDUM WINE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 1998 (Continued)

11	Stock	Group and Company			
		1998	1997		
	Goods held for resale	£1,720,148	£1,517,065		
		<u> </u>	<u> </u>		
12	Debtors	1998	1997		
	Amounts falling due after more than one year				
	Advance corporation tax recoverable	£28,216	£29,066		
		<u> </u>	<u> </u>		
	Amounts falling due within one year	£	£		
	Trade debtors	3,660,290	3,306,213		
	Other debtors	-	40,000		
	Prepayments and accrued income	282,223	164,688		
		<u> </u>	<u> </u>		
		<u>£3,942,513</u>	<u>£3,510,901</u>		
		<u> </u>	<u> </u>		
13	Creditors: Amounts falling due within one year	Group		Company	
		1998	1997	1998	1997
		£	£	£	£
	Current portion of bank loan and overdraft (note 14)	170,000	70,000	170,000	70,000
	Trade creditors	3,961,796	3,599,984	3,961,796	3,599,984
	Corporation tax	240,152	279,066	240,152	279,066
	Other creditors including taxation and social security	202,494	308,387	202,498	308,391
	Accruals and deferred income	278,895	206,961	278,895	206,961
	Dividends payable	112,865	116,265	112,865	116,265
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
		<u>£4,966,202</u>	<u>£4,580,663</u>	<u>£4,966,206</u>	<u>£4,580,667</u>
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

BIBENDUM WINE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 1998 (Continued)

14 Creditors: Amounts falling due after more than one year	Group and Company	
	1998	1997
	£	£
Bank loans	690,000	560,000
Convertible unsecured loan stock 2003	292,538	292,538
	£982,538	£852,538
The bank loans are repayable as follows:		
- due in less than one year (note 13)	170,000	70,000
- due between one and two years	170,000	70,000
- due between two and five years	310,000	210,000
- due after five years	210,000	280,000
	690,000	560,000
- due in over one year (as above)	£860,000	£630,000
	£860,000	£630,000

The bank loans are made up as follows:

(i) £560,000 is repayable in equal quarterly instalments up to 2006. Interest is charged on the loan at a fixed rate of 9%. The loan is secured by way of a fixed and floating charge over the assets of the group and by an unlimited guarantee from the subsidiary Mixbury Trading Company Limited.

(ii) £300,000 is repayable over three years at £25,000 per quarter. Interest is charged on the loan at a rate of 1.5% above base rates. The loan is secured by way of a fixed and floating charge over the assets of the group and by an unlimited guarantee from the subsidiary Mixbury Trading Company Limited.

The 10% convertible unsecured loan stock is redeemable on 25 May 2003 and the amount payable on redemption is £292,538. The stock is convertible into 292,538 ordinary £1 shares which will rank equal in all respects to the existing ordinary share capital. Conversion is at the option of the holder at any date prior to redemption date.

BIBENDUM WINE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 1998 (Continued)

15	Called up share capital	1998 £	1997 £
	Authorised:		
	Ordinary shares of £1 each	1,500,000	1,500,000
	Cumulative redeemable 2% £1 preference shares	110,000	110,000
		<hr/>	<hr/>
		£1,610,000	£1,610,000
		<hr/> <hr/>	<hr/> <hr/>
	Allotted and fully paid:		
	Ordinary shares of £1 each	£1,170,150	£1,170,150
		<hr/> <hr/>	<hr/> <hr/>

Options on shares have been issued under the Executive Share Option Scheme as follows:

Date of Issue	Number of Shares	Price	Earliest Date	Latest date
14.11.1989	110,000	£1	14.11.1992	14.11.1999
22.05.1990	16,000	£1	22.05.1993	22.05.2000

The share option scheme is open to directors and employees.

16	Profit and loss account	Group £	Company £
	At 1 April 1997	(90,302)	109,698
	Profit for the financial year	430,706	430,706
		<hr/>	<hr/>
	At 31 March 1998	£340,404	£540,404
		<hr/> <hr/>	<hr/> <hr/>

Cumulative goodwill written off to group reserves amounts to £371,463 (1997: £371,463).

BIBENDUM WINE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 1998 (Continued)

17 Reconciliation of movement in shareholders' funds	Group and Company	
	1998 £	1997 £
Profit for the financial year	543,571	563,653
Dividends	(112,865)	(116,265)
	430,706	447,388
Net addition to shareholders' funds		
Opening shareholders' funds	1,279,848	832,460
	£1,710,554	£1,279,848
Closing shareholders' funds	£1,710,554	£1,279,848

18 Guarantees and other financial commitments

At the balance sheet date, the company had entered into forward foreign exchange contracts with a value amounting to £4,840,439 (1997: £3,898,377).

	Group and Company	
	1998	1997
Capital commitments - contracted for, but not provided in the accounts	£50,000	£363,666
	£50,000	£363,666

19 Reconciliation of operating profit to net cash inflow from operating activities

	1998	1997
	£	£
Operating profit	939,544	922,691
Depreciation charge	124,893	78,838
(Increase) in stock	(203,083)	(382,217)
(Increase) in debtors	(431,612)	(1,705,750)
Increase in creditors	327,853	1,939,133
	£757,595	£ 852,695
Net cash inflow from operating activities	£757,595	£ 852,695

BIBENDUM WINE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 1998 (Continued)

20	Reconciliation of net cash flow to movement in net debt	1998	1997
		£	£
	(Decrease)/increase in cash in the period	(152,441)	556,845
	Cash (inflow)/outflow from loans	(230,000)	70,000
		<hr/>	<hr/>
	Change in net debt	(382,441)	626,845
	Net debt at 1 April 1997	(444,682)	(1,071,527)
		<hr/>	<hr/>
	Net debt at 31 March 1998	<u>£(827,123)</u>	<u>£(444,682)</u>

21 **Analysis of changes in net debt during the year**

	At 1 April 1997 £	Cash flows £	Other changes £	At 31 March 1998 £
Cash in hand at bank	477,856	(152,441)	-	325,415
Overdraft	-	-	-	-
Debt due within one year	(70,000)	(30,000)	(70,000)	(170,000)
Debt due after one year	(852,538)	(200,000)	70,000	(982,538)
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>£(444,682)</u>	<u>£(382,441)</u>	<u>£ -</u>	<u>£(827,123)</u>