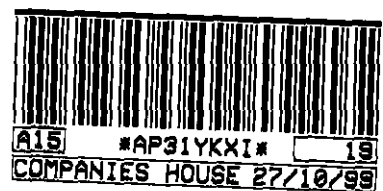


Metdream Limited

**Directors' report and consolidated financial
statements**

31 December 1998

Registered number 2332327



Directors' report and financial statements

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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 consists of the production and merchanting of high quality speciality gases and chemicals.

Business Review

The group continued to grow within an expanding market. Turnover increased by 27% and margins were improved, resulting in record levels of profit. After providing for taxation and paying dividends, £1,284,792 was retained.

Dividends

An interim dividend of £87,402 was paid in June and a final dividend of £174,804 in December 1998.

Research and development

The group continues to invest in research and development in order to maintain its lead in world markets.

Directors and directors' interests

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

AB Leese
G Williams

The directors who held office at the end of the financial year had the following interests in the share capital of the company, as recorded in the register of directors' share interests:

	Class of share	Interest at beginning and end of year Number of shares
AB Leese	Ordinary	9,230
G Williams	Ordinary	9,230

Directors' report *(continued)*

Year 2000

The group uses a number of computer systems including applications used in manufacture, sales, finance and various administrative functions. To the extent that these software applications contain source code that is unable appropriately to interpret calendar year 2000 and subsequent years, some level of modification or replacement of such applications is necessary. In order to address this issue we began a review starting in 1998 of all our material systems in order to ensure that they were Year 2000 compliant. We have now completed the upgrading of systems which were found not to be compliant. We are also in the process of reviewing the Year 2000 compliance status of our material customers and suppliers. However, in common with most other companies, no assurance can be given that all our systems or those of our customers or suppliers will be fully Year 2000 compliant. The cost of achieving systems compliance is not material.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



L Birt
Secretary

Power Road
Bromborough
WIRRAL
Merseyside
L62 3QF

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 and 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; and
- 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 a 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.



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Liverpool
L3 1QH

Report of the auditors to the members of Metdream Limited

We have audited the financial statements on pages 5 to 22.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

25 October 1999

*Chartered Accountants
Registered Auditors*

Consolidated profit and loss account
for the year ended 31 December 1998

	<i>Note</i>	1998 £	1997 £
Turnover	2	13,053,510	10,248,676
Cost of sales		(6,213,916)	(5,087,179)
Gross profit		6,839,594	5,161,497
Administrative expenses		(4,077,161)	(3,169,895)
Operating profit		2,762,433	1,991,602
Interest receivable		16,823	4,718
Interest payable and similar charges	6	(196,860)	(140,548)
Profit on ordinary activities before taxation	3 - 5	2,582,396	1,855,772
Tax on profit on ordinary activities	7	(864,139)	(679,721)
Profit on ordinary activities after taxation		1,718,257	1,176,051
Minority interests		(171,259)	(66,576)
Profits before dividends		1,546,998	1,109,475
Dividends		(262,206)	(512,204)
Retained profit for the year	16	1,284,792	597,271

All turnover and operating profits are derived from continuing operations.

Consolidated balance sheet
at 31 December 1998

	<i>Note</i>	1998	1997
		£	£
Fixed assets			
Tangible assets	8	3,364,152	3,185,611
Current assets			
Stocks (Inventory)	10	2,348,557	1,633,258
Debtors	11	2,536,914	2,340,680
Cash at bank and in hand		315,051	443,206
		<u>5,200,522</u>	<u>4,417,144</u>
Creditors: amounts falling due within one year	12	<u>(3,448,808)</u>	<u>(3,189,188)</u>
Net current assets		<u>1,751,714</u>	<u>1,227,956</u>
Total assets less current liabilities		<u>5,115,866</u>	<u>4,413,567</u>
Creditors: amounts falling due after more than one year	13	(987,138)	(1,698,703)
Provisions for liabilities and charges	14	(162,356)	(163,758)
Deferred income	14	(17,418)	(5,110)
Net assets		<u>3,948,954</u>	<u>2,545,996</u>
Capital and reserves			
Called up share capital	15	186	186
Profit and loss account	16	2,590,692	1,328,451
Capital reserve	16	961,996	961,996
Shareholders' funds		<u>3,552,874</u>	<u>2,290,633</u>
Minority interests		<u>396,080</u>	<u>255,363</u>
		<u>3,948,954</u>	<u>2,545,996</u>

These financial statements were approved by the board of directors on 22nd October 1999 and were signed on its behalf by:

A. B. Leese

AB Leese
Director

Balance sheet
at 31 December 1998

	<i>Note</i>	1998 £	1997 £
Fixed assets			
Investments	9	-	-
Current assets			
Debtors	11	322,622	245,747
Cash at bank and in hand		2	2
		<hr/>	<hr/>
		322,624	245,749
Creditors: amounts falling due within one year	12	(322,622)	(245,747)
		<hr/>	<hr/>
Net current assets		2	2
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	15	186	186
Profit and loss account	16	(184)	(184)
		<hr/>	<hr/>
Shareholders' funds		2	2
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 22nd October 1999 and were signed on its behalf by:

A. B. Leese

AB Leese
Director

Consolidated cash flow statement
for the year ended 31 December 1998

	Note	1998	1997
		£	£
Net cash inflow from operating activities	20	1,698,950	1,302,382
Returns on investments and servicing of finance:			
Interest received		16,823	4,718
Interest paid		(174,558)	(124,912)
Interest element of hire purchase rental payments		(22,302)	(15,636)
		<hr/>	<hr/>
Net cash outflow from returns on investments and servicing of finance		(180,037)	(135,830)
Taxation			
UK Corporation tax paid		(557,841)	(534,009)
Overseas tax received/(paid)		9,347	(241,426)
		<hr/>	<hr/>
Tax paid		(548,494)	(775,435)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(548,777)	(1,240,425)
Receipts from sales of tangible fixed assets		34,800	27,250
		<hr/>	<hr/>
Net cash outflow from capital expenditure and financial investment		(513,977)	(1,213,175)
Equity Dividends paid		(262,206)	(512,204)
		<hr/>	<hr/>
Net cash inflow/(outflow) before financing		194,236	(1,334,262)
Financing:			
Repayment of loans		(236,776)	-
Short term borrowings		-	810,606
Medium term borrowings		-	36,814
Capital element of hire purchase rental payments		(124,658)	(95,229)
Loan from parent undertaking		82,622	240,000
		<hr/>	<hr/>
Net cash (outflow)/inflow from financing		(278,812)	992,191
		<hr/>	<hr/>
(Decrease) in cash and cash equivalents	21	(84,576)	(342,071)
		<hr/>	<hr/>

Reconciliation of net cash flow to movement in net debt

(Decrease) in cash and cash equivalents	(84,576)	(342,071)
Cash inflow from increase in debt and lease finance	278,812	(1,091,148)
New finance leases	(160,702)	-
	<hr/>	<hr/>
Movement in net debt in the period	33,534	(1,433,219)
Net debt at the start of the period	(2,033,377)	(600,158)
	<hr/>	<hr/>
Net debt at the end of the period	(1,999,843)	(2,033,377)
	<hr/>	<hr/>

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

	1998 £	1997 £
Profit for the financial year	1,315,334	597,271
Exchange	(22,551)	11,518
	<hr/>	<hr/>
Total recognised gains and losses relating to the financial year	1,292,783	608,789
	<hr/> <hr/>	<hr/> <hr/>

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

	Group		Company	
	1998 £	1997 £	1998 £	1997 £
Profit for the financial year	1,546,998	1,109,475	262,206	512,204
Dividends	(262,206)	(512,204)	(262,206)	(512,204)
	<hr/>	<hr/>	<hr/>	<hr/>
Exchange	1,284,792	597,271	-	-
	(22,551)	11,518	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net addition to shareholders' funds	1,262,241	608,789	-	-
Opening shareholders' funds	2,290,633	1,681,844	2	2
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	3,552,874	2,290,633	2	2
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

Accounting convention

the financial statements have been prepared in accordance with applicable accounting standards. The principal policies are unchanged from previous periods and are set out below.

Basis of preparation

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

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.

In the company's financial statements, investments in subsidiary undertakings are stated at cost.

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

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	-	40 years (2½% per annum)
Plant and machinery	-	5 to 10 years (10% - 20% per annum)
Fixtures and fittings	-	3 to 7 years (14% to 33% per annum)

Depreciation is provided on motor vehicles at 25% per annum on the reducing balance.

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 account of the US subsidiary are translated at the closing exchange rate. Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Notes (continued)

Accounting policies (continued)

Government grants

Capital based government grants are credited to deferred income in the balance sheet, from where they are released into the profit and loss account in equal instalments over the estimated useful economic lives of the assets to which they relate.

Revenue grants are credited to profit and loss account in the year in which they arise.

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.

Pension costs

The group operates a defined contribution pension scheme. 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.

Research and development expenditure

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

Stocks

Stock is stated at the lower of cost and net realisable value. For work in progress and finished goods manufactured by the group, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Taxation

The charge for taxation is based on the profit 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 in the foreseeable future.

Turnover

Turnover represents the amounts (excluding value added tax and sales tax) derived from the provision of goods and services to customers during the year.

Notes (continued)

2 Analysis of turnover by geographical market

	1998 £	1997 £
United Kingdom	2,570,615	1,952,261
Rest of Europe	1,628,875	2,042,584
USA	6,048,067	4,422,857
Other	2,805,953	1,830,974
	<hr/> 13,053,510 <hr/>	<hr/> 10,248,676 <hr/>

3 Profit on ordinary activities before taxation

	1998 £	1997 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration:		
Audit	25,874	22,803
Other services	14,076	8,500
Depreciation and other amounts written off tangible fixed assets	492,845	412,675
Hire of equipment	21,906	32,691
Exchange losses	47,676	-
	<hr/>	<hr/>
<i>after crediting</i>		
Exchange gains	-	47,122
Government grants	4,376	9,696
	<hr/>	<hr/>

Notes (continued)

4 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
Office and Management UK	36	32
Office and Management USA	15	15
Production UK	29	28
Production USA	11	3
	<hr/>	<hr/>
	91	78

The aggregate payroll costs of these persons were as follows:

	1998	1997
	£	£
Wages and salaries	2,750,744	1,944,771
Social security costs	228,219	143,894
Other pension costs (see note 19)	281,559	178,453
	<hr/>	<hr/>
	3,260,522	2,267,118

5 Remuneration of directors

	1998	1997
	£	£
Directors' emoluments as directors	238,087	253,506
Company contributions to money purchase pension schemes	191,121	113,230
	<hr/>	<hr/>
	429,208	366,736

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £140,810 (1997 :£ 164,770), and company pension contributions of £73,794 (1997 :£21,598) were made to a money purchase scheme on his behalf.

	Number of directors	
	1998	1997
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	2	2
	<hr/>	<hr/>

No director exercised share options during the year.

Notes (continued)

6 Interest payable and similar charges

	1998 £	1997 £
On bank loans, overdrafts and other loans wholly repayable within five years	137,219	101,020
On all other loans	37,339	23,793
Finance charges payable in respect of finance leases and hire purchase contracts	22,302	15,735
	<hr/> 196,860 <hr/>	<hr/> 140,548 <hr/>

7 Taxation

	1998 £	1997 £
UK Corporation Tax at 31% (1997 : 31.5%)	738,000	605,000
US Income Taxes at 43% (1997 : 42%)	136,486	118,395
Adjustment relating to an earlier year	(8,945)	(8,491)
Deferred tax	(1,402)	(35,183)
	<hr/> 864,139 <hr/>	<hr/> 679,721 <hr/>

Notes (continued)

8 Tangible fixed assets

Group	Long leasehold land and buildings	Plant and machinery	Fixtures fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At beginning of year	1,214,251	2,679,456	503,792	303,875	4,701,374
Exchange	(1,919)	(4,317)	(1,644)	-	(7,880)
Additions	161,525	317,221	103,218	127,515	709,479
Disposals	-	-	-	(77,791)	(77,791)
At end of year	1,373,857	2,992,360	605,366	353,599	5,325,182
Depreciation					
At beginning of year	109,876	1,086,269	210,646	108,972	1,515,763
Exchange	(93)	(215)	(281)	-	(589)
Charge for year	38,731	282,160	107,771	64,183	492,845
On disposals	-	-	-	(46,989)	(46,989)
At end of year	148,514	1,368,214	318,136	126,166	1,961,030
Net book value					
At 31 December 1998	1,225,343	1,624,146	287,230	227,433	3,364,152
At 31 December 1997	1,104,375	1,593,187	293,146	194,903	3,185,611

Included in the total net book value of motor vehicles for the group is £183,930 (1997 : £154,645) in respect of assets held under hire purchase contracts. Depreciation for the year on these assets was £53,259 (1997: £70,027). Included in the total net book value of plant and machinery for the group is £113,475 (1997: £97,750) in respect of assets held under hire purchase contracts. Depreciation for the year on these assets was £27,304 (1997: £23,039). Included in the total net book value of fixtures, fittings and equipment for the group is £15,958 (1997 £29,637) in respect of assets held under hire purchase contracts. Depreciation for the year on these assets was £13,679 (1997: £13,679). The cost of assets depreciated within Freehold land and buildings amount to £966,530 (1997 :£ 816,262).

Notes (continued)

9 Fixed assets investment

Company	1998 £	1997 £
Ordinary Shares in subsidiary	-	-
Loan to subsidiary	322,624	240,000
	<u>322,624</u>	<u>240,000</u>

The company owns 89.97% of the share capital of Epichem Limited, who in turn owns 100% of the share capital of Epichem Incorporated, registered in the United States of America. The principal activity of both is the production and merchandising of high quality speciality gases and chemicals. The shares held in Epichem Limited were gifted to Metdream Limited on 10 February 1989 at no cost.

10 Stocks (Inventory)

	Group 1998 £	1997 £	Company 1998 £	1997 £
Raw materials	1,197,401	583,125	-	-
Work in progress	488,961	151,936	-	-
Finished goods	662,195	898,197	-	-
	<u>2,348,557</u>	<u>1,633,258</u>	<u>-</u>	<u>-</u>

11 Debtors

	Group 1998 £	1997 £	Company 1998 £	1997 £
Trade debtors	2,319,658	2,074,910	-	-
Amounts owed by subsidiary undertaking	-	-	322,622	245,747
Other debtors	192,756	239,670	-	-
Prepayments and accrued income	24,500	26,100	-	-
	<u>2,536,914</u>	<u>2,340,680</u>	<u>322,622</u>	<u>245,747</u>

Notes (continued)

12 Creditors: amounts falling due within one year

	Group 1998 £	1997 £	Company 1998 £	1997 £
Bank loans and overdrafts	850,549	455,163	-	-
Other loans	322,622	245,749	322,622	245,749
Obligations under finance leases and hire purchase contracts (see note 13)	154,585	82,717	-	-
Trade creditors	735,781	1,156,639	-	-
Amounts owed to subsidiary undertakings	-	-	-	-
Other creditors including taxation and social security:				
Corporation Tax	713,714	542,500	-	-
Other taxes and social security	111,939	108,128	-	-
Other creditors	90,130	129,777	-	-
Accruals and deferred income	469,488	468,515	-	-
	<u>3,448,808</u>	<u>3,189,188</u>	<u>322,622</u>	<u>245,749</u>

Other loans represent loans made by AB Lease, G Williams and L Birt and is repayable on demand..

13 Creditors: amounts falling due after more than one year

	Group 1998 £	1997 £	Company 1998 £	1997 £
Bank loans	863,323	1,539,064	-	-
Obligations under finance leases and hire purchase contracts	123,815	159,639	-	-
	<u>987,138</u>	<u>1,698,703</u>	<u>-</u>	<u>-</u>

Notes (continued)

13 Creditors: amounts falling due after more than one year (continued)

Group

	1998	1997
	£	£
Debts (loans and overdrafts) can be analysed as falling due:		
in one year or less or on demand	850,549	695,163
between one and two years	305,820	654,048
between two and five years	356,953	656,801
in five years or more	200,550	228,215
	<hr/>	<hr/>
	1,713,872	2,234,227
	<hr/>	<hr/>

Amounts repayable by instalments:

	Instalment payable within five years		Instalment payable after five years		Total	
	1998	1997	1998	1997	1998	1997
	£	£	£	£	£	£
Bank loans	825,712	1,165,443	200,550	228,215	1,026,262	1,393,658
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Included in bank loans is a mortgage loan of £382,550 and a Treasury loan of £427,252 both liabilities of Epichem Limited. The mortgage loan is secured by a charge on the buildings and is repayable over 10 years. The Treasury loan is secured by a debenture and is repayable over 5 years.

Notes (continued)

13 Creditors: amounts falling due after more than one year (continued)

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

Group	1998 £	1997 £
Within one year	173,328	98,930
In the second to fifth year	146,112	206,842
	<hr/>	<hr/>
	319,440	305,772
Less: future finance charges	(41,040)	(63,416)
	<hr/>	<hr/>
	278,400	242,356
	<hr/>	<hr/>

14 Provisions for liabilities and charges

Group	1998 £	Deferred taxation 1997 £
At beginning of year	163,758	198,941
(Credit) for year	(1,402)	(35,183)
	<hr/>	<hr/>
At end of year	162,356	163,758
	<hr/>	<hr/>

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

	1998 Provided £	1998 Not provided £	1997 Provided £	1997 Not provided £
Difference between accumulated depreciation and amortisation and capital allowances	162,356	-	163,758	-
Other timing differences	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	162,356	-	163,758	-
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

14 Deferred income

Group

This amount represents capital based government grants received which will be released into profit and loss account over the estimated useful economic lives of the assets to which the grants relate.

	£
At beginning of year	5,110
Release to profit and loss account	(4,376)
Received during the year	16,684
	<hr/>
At end of year	17,418
	<hr/>

15 Called up share capital

	1998 £	1997 £
<i>Authorised</i>		
Ordinary shares of 1p each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of 1p each	186	186
	<hr/>	<hr/>

16 Share premium and reserves

Group

	Capital Reserve £	Profit and loss account £
At beginning of year	961,996	1,328,451
Retained profit for the year	-	1,284,792
Exchange movements	-	(22,551)
	<hr/>	<hr/>
At end of year	961,996	2,590,692
	<hr/>	<hr/>

Company

	Capital Reserve £	Profit and loss account £
At beginning of year	-	(184)
Retained profit for the year	-	-
	<hr/>	<hr/>
At end of year	-	(184)
	<hr/>	<hr/>

Notes (continued)

17 Contingent liabilities

There were no contingent liabilities (1997 : £Nil).

18 Commitments

There were no capital commitments at the end of the financial year for which no provision has been made.

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

	Group		Company	
	Land and buildings 1998 £	Land and buildings 1997 £	Land and buildings 1998 £	Land and buildings 1997 £
In the second to fifth year inclusive	205,083	201,413	-	-

19 Pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the fund and amounted to £225,766 (1997 : £130,652). There were no prepaid or overdue contributions at either the beginning or end of the financial year. Epichem Inc operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £55,793 (1997: £47,801). There were no prepaid or overdue contributions at either the beginning or end of the financial year.

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

	1998 £	1997 £
Operating profit	2,762,433	1,991,602
Depreciation charge	492,845	412,675
Increase in deferred income	16,684	-
Release of deferred income	(4,376)	(9,696)
Profit on sale of tangible fixed assets	(3,998)	(4,171)
Increase in stocks	(715,299)	(746,918)
Increase in debtors	(342,067)	(117,697)
Decrease in creditors	(492,012)	(234,303)
Exchange	(15,260)	10,890
Net cash inflow from operating activities	1,698,950	1,302,382

Notes (continued)

21 Analysis of net debt

	At beginning of year £	Cash flow £	Other non-cash changes £	At end of year £
Cash at bank and in hand	443,206	(128,155)	-	315,051
Overdrafts	(206,630)	43,579	-	(163,051)
		<hr/>		
		(84,576)		
Debt due after one year	(1,539,064)	-	675,741	(863,323)
Debt due within one year	(488,533)	154,154	(675,741)	(1,010,120)
Finance leases	(242,356)	124,659	(160,703)	(278,400)
		<hr/>		
		278,813		
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(2,033,377)	194,237	(160,703)	(1,999,843)
	<hr/>	<hr/>	<hr/>	<hr/>

23 Related party transactions

Messrs AB Leese and G Williams, who are directors of the company, are directors of International Gases and Chemicals Limited ("Intergas"). During the year, the company made sales to Intergas amounting to £171,299 and purchases from Intergas of £11,596. At the balance sheet date, £33,358 due from Intergas is included in trade debtors and £128 due to Intergas is included in trade creditors.

The company charged Intergas a management fee of £1,000.