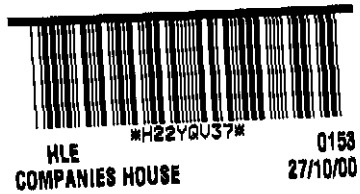


Greatcoat Plc

**Directors' Report and Financial Statements
for the year ended 31 March 2000**

JOHN GORDON WALTON & CO.



Registered Number 451454

Greatcoat Plc

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Greatcoat Plc

Directors, Officers, Bankers and Advisers

Directors: Trevor Barker FCA (Chairman)
Martin A Joyce
Christopher J G Hall

Secretary: M A Joyce

Registered Office: Central House
St Paul's Street
LEEDS
West Yorkshire
LS1 2TE

Auditors: John Gordon Walton & Co
Chartered Accountants
Yorkshire House
Greek Street
LEEDS
LS1 5ST

Solicitors: Hammond Suddards Edge
Trinity Court
16 John Dalton Street
MANCHESTER
M60 8HS

Bankers: Clydesdale Bank Plc
30 St Vincent Place
GLASGOW
G1 2HL

Registered Number: 451454

Greatcoat Plc

Chairman's Statement

I am pleased to report on the progress in the affairs of the group. For the year ended 31 March 2000 the group made a profit before interest and taxation of £22,917 (1999 - loss £58,481). Net interest was £153,949 (1999 - £185,036) leaving a loss before taxation of £131,032 (1999 - £243,517).

The year has continued to be a difficult one in the North East property market and therefore we have concentrated in reducing our bank borrowings and the associated interest costs. As reported last year we sold the Balliol development at a small loss and since the end of the year under review we have sold Unit A at the Jarrow development, thus further reducing our borrowings. In addition we have been able to obtain a pre-sold design and build contract for a further unit for the purchaser of Unit A.

We continue to let properties at Dewsbury thus increasing revenue.

The immediate future prosperity of the company depends very much upon the opportunities for letting our remaining empty units.



Trevor Barker
Chairman

Greatcoat Plc

Directors' Report

The directors submit their report and group accounts of Greatcoat Plc for the year ended 31 March 2000.

Principal Activities

The group's principal activity was that of property investment and development.

Results for the year and review of business

	2000 £
Profit before interest and tax	22,917
Interest payable	(158,502)
Interest receivable	4,553
Taxation	<u>2,234</u>
Retained Loss	<u>(128,798)</u>

Dividend

The directors do not recommend payment of a dividend (1999 - £nil) and the loss for the year has been transferred to reserves.

Fixed Assets

Details of movement in fixed assets during the year are set out in note 8 to the financial statements.

Greatcoat Plc

Directors' Report (continued)

Directors' interests

The beneficial interests of the directors in the share capital of the company were:

	31 March 2000 10p ordinary <u>Beneficial</u>	31 March 1999 10p ordinary <u>Beneficial</u>
T Barker	100,000	100,000
M A Joyce	6,536,488	6,536,488
C J G Hall	-	-

Mr T Barker retires in accordance with the company's Articles of Association at the Annual General Meeting. Being eligible, he offers himself for re-election at the Annual General Meeting.

Substantial shareholdings

The following had substantial interests in the ordinary share capital of the company as at 31 March 2000.

	Shares held	
	Holding	Percentage
3i Plc	1,500,000	16.1%
Stargas Nominees (formerly Beegas Nominees)	496,000	5.3%

No changes have taken place in these interests since the end of the financial year.

Payments to creditors

It is not the company's policy to follow any standard or code on payment practice. However, the company will continue to seek to settle the terms of payment with its suppliers when agreeing the terms of each transaction, ensure that those suppliers are made aware of the terms of payment and abide by the terms of payment.

Greatcoat Plc

Directors' Report (continued)

Directors' Responsibilities

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 of 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 judgments 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 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 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.

Auditors

A resolution to re-appoint as auditors John Gordon Walton & Co will be put to the members at the Annual General Meeting.

By Order of the Board



M A Joyce

Secretary

4 October 2000

Auditors' Report

To the Shareholders of Greatcoat Plc

We have audited the financial statements on pages 7 to 20 which have been prepared under the historical cost convention, as modified to include the revaluation of certain freehold land and buildings, and the accounting policies set out on pages 13 and 14.

Respective responsibilities of directors and auditors

As described on page 5 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 financial 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 March 2000 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

John Gordon Walton Co.

John Gordon Walton & Co

Chartered Accountants and Registered Auditors

Yorkshire House

Greek Street

LEEDS

LS1 5ST

4 October 2000

Greatcoat Plc

Group Profit and Loss Account

for the year ended 31 March 2000

	Note	2000 £	1999 £
Turnover	2	920,799	148,354
Decrease in finished goods and work in progress		(767,488)	(77,969)
Development costs		<u>(2,179)</u>	<u>(9,393)</u>
Gross Profit		151,132	60,992
Depreciation	8	(3,000)	(36,022)
Other operating charges		<u>(125,215)</u>	<u>(83,451)</u>
Profit/(loss) on ordinary activities before interest	3	22,917	(58,481)
Interest receivable and similar income	4	4,553	-
Interest payable	5	<u>(158,502)</u>	<u>(185,036)</u>
Loss on ordinary activities before taxation		(131,032)	(243,517)
Tax on loss on ordinary activities	7	<u>2,234</u>	<u>20,000</u>
Loss retained for year	15	<u>(128,798)</u>	<u>(223,517)</u>

The profit and loss account is prepared on the basis that all operations are continuing operations.

Greatcoat Plc

Group Balance Sheet

at 31 March 2000

	Note	2000		1999
		£	£	£
<u>Fixed Assets</u>				
Tangible assets	8	1,737,656		1,740,656
<u>Current Assets</u>				
Stocks	10	6,716,475	1,325,187	
Debtors	11	646,659	26,765	
Cash at bank and in hand		<u>2,638,564</u>	-	
		10,001,698	1,351,952	
<u>Creditors: amounts falling due within one year</u>	12	<u>11,081,516</u>	<u>2,305,972</u>	
<u>Net current liabilities</u>		(1,079,818)		(954,020)
<u>Total assets less current liabilities</u>		657,838		786,636
<u>Net assets</u>		<u>657,838</u>		<u>786,636</u>
 <u>Capital and reserves</u>				
Called up share capital	13	930,497		930,497
Share premium account		11,250		11,250
Capital redemption reserve		10,000		10,000
Revaluation reserve	14	149,801		149,801
Profit and loss account	15	(443,710)		(314,912)
 Equity Shareholders' Funds		 <u>657,838</u>		 <u>786,636</u>

T Barker  Director

M A Joyce Director

4 October 2000




Greatcoat Plc

Holding Company Balance Sheet

at 31 March 2000

	Note	£	2000 £	£	1999 £
<u>Fixed Assets</u>					
Tangible assets	8		1,737,656		1,740,656
Investment in subsidiary companies	9		<u>3</u>		<u>3</u>
			1,737,659		1,740,659
<u>Current Assets</u>					
Debtors	11	1,393,704		1,662,303	
Cash at bank and in hand		<u>31</u>		<u>-</u>	
		1,393,735		1,662,303	
<u>Creditors: amounts falling due within one year</u>	12		<u>2,273,282</u>		<u>2,570,732</u>
<u>Net current liabilities</u>			<u>(879,547)</u>		<u>(908,429)</u>
<u>Total assets less current liabilities</u>			858,112		832,230
<u>Net assets</u>			<u>858,112</u>		<u>832,230</u>
<u>Capital and reserves</u>					
Called up share capital	13		930,497		930,497
Share premium account			11,250		11,250
Capital redemption reserve			10,000		10,000
Revaluation reserve	14		149,801		149,801
Profit and loss account	15		<u>(243,436)</u>		<u>(269,318)</u>
<u>Equity Shareholders' Funds</u>			<u>858,112</u>		<u>832,230</u>


T Barker Director

M A Joyce Director



4 October 2000

Greatcoat Plc

Cash Flow Statement

for the year ended 31 March 2000

	Note	2000	1999
		£	£
<u>Net cash inflow from operating activities</u>	1	3,097,526	158,762
<u>Returns on investments and servicing of finance</u>			
Interest paid		(158,502)	(185,036)
Interest received and similar income		<u>4,553</u>	<u>-</u>
<u>Net cash outflow for returns on investments and servicing of finance</u>		(153,949)	(185,036)
Taxation paid		(132,766)	-
<u>Capital Expenditure</u>			
Payments to acquire tangible assets		<u>-</u>	<u>(1,000)</u>
<u>Net cash outflow for capital expenditure</u>		<u>-</u>	<u>(1,000)</u>
<u>Net cash inflow/(outflow) before management of liquid resources and financing</u>		2,810,811	(27,274)
<u>Management of liquid resources</u>			
Increase in construction deposit account		(2,638,564)	-
<u>Financing</u>			
Related company loan advance		273,792	-
Hire purchase repayments		<u>(35,250)</u>	<u>(16,691)</u>
<u>Net cash inflow/(outflow) from financing</u>		<u>238,542</u>	<u>(16,691)</u>
<u>Increase/(Decrease) in cash in the year</u>		<u>410,789</u>	<u>(43,965)</u>

Greatcoat Plc

Notes to the Cash Flow Statement

for the year ended 31 March 2000

1. Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	2000	1999
	£	£
Operating profit/(loss)	22,917	(58,481)
Depreciation charges	3,000	36,022
(Increase)/decrease in stocks	(5,391,288)	77,970
(Increase)/decrease in debtors	(619,894)	133,068
Increase/(decrease) in creditors	<u>9,082,791</u>	<u>(29,817)</u>
Net cash inflow	<u>3,097,526</u>	<u>158,762</u>

2. Analysis of Net Debt

	1 April 1999	Cash Flow	31 March 2000
Bank overdraft	(1,709,420)	410,789	(1,298,631)
Debt			
Hire purchase and finance lease contracts	<u>(35,250)</u>	<u>35,250</u>	<u>-</u>
	<u>(1,744,670)</u>	<u>446,039</u>	<u>(1,298,631)</u>

3. Reconciliation of net cash flow to movement in net funds

	2000	1999
	£	£
Increase/(decrease) in cash in the year	410,789	(43,965)
Cash outflow from debt and financing	<u>35,250</u>	<u>16,691</u>
Movement in net debt in the year	446,039	(27,274)
Opening net debt	<u>(1,744,670)</u>	<u>(1,717,396)</u>
Closing net debt	<u>(1,298,631)</u>	<u>(1,744,670)</u>

Greatcoat Plc

for the year ended 31 March 2000

Group Statement of Total Recognised Gains and Losses

	2000	1999
	£	£
Loss on ordinary activities after taxation	(128,798)	(223,517)
Temporary Diminution in value of land and buildings	—	(85,200)
Total recognised losses	<u>(128,798)</u>	<u>(308,717)</u>

Group Historical Cost Profits and Losses

	£	£
Loss on Ordinary Activities before taxation	(131,032)	(243,517)
Difference between historical cost depreciation and depreciation	—	—
Historical cost loss on Ordinary Activities before taxation	<u>(131,032)</u>	<u>(243,517)</u>

Reconciliation of Equity Shareholders' Funds

	£	£
Loss on Ordinary Activities after taxation	(128,798)	(223,517)
Reduction in revaluation reserve	—	(85,200)
Net decrease in shareholders' funds	(128,798)	(308,717)
Equity shareholders' funds at 1 April 1999	<u>786,636</u>	<u>1,095,353</u>
Equity shareholders' funds at 31 March 2000	<u>657,838</u>	<u>786,636</u>

Greatcoat Plc

Notes to the Financial Statements

1 Accounting Policies

Basis of consolidation

The group financial statements include the financial statements for the company and its subsidiaries made up to 31 March each year and comply with all applicable UK accounting standards.

Internal turnover and profits are eliminated on consolidation and all turnover and profit and loss figures relate to external transactions only. No profit and loss account is presented for Greatcoat Plc as provided by Section 230 of the Companies Act 1985.

Government Grants

Regional Development grants are treated as deferred credits and transferred to the profit and loss account over the estimate useful lives of the assets concerned.

Deferred taxation

Provision for deferred taxation is made under the liability method in respect of timing differences where it is probable that a tax liability will become payable within the foreseeable future.

Fixed assets

Investment properties are stated at open market value in accordance with SSAP 19.

Other fixed assets are stated at cost.

Depreciation

Depreciation is provided on fixed assets calculated at fixed rates between 10% and 33% per annum on a straight line basis so as to write off the cost of those assets over their estimated useful lives. No depreciation is charged on investment properties as any such properties are valued at open market value.

Research and development expenditure

Research and development expenditure is charged to the profit and loss account in the period in which it is incurred.

Goodwill

Goodwill arising on acquisitions is capitalised and amortised over its useful economic life.

Greatcoat Plc

Notes to the Financial Statements (continued)

1. Accounting Policies continued

Stocks

Properties for resale are stated at the lower of cost and net realisable value.

Development expenditure is stated at cost.

Turnover

Turnover represents the invoiced value of goods and services provided during the year, stated net of value added tax, and trade discounts.

Leasing and hire purchase contracts

Assets obtained under finance leases and hire purchase contracts are capitalised as tangible assets and depreciated over their useful economic lives.

Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

The cost of operating leases is charged to the profit and loss account as incurred.

2. Turnover and Segmental Analysis

Turnover represents the invoiced amount of goods sold and services provided during the year, stated net of value added tax, and trade discounts.

Turnover is wholly attributable to activities within the United Kingdom.

Greatcoat Plc

Notes to the Financial Statements (continued)

3 Operating Profit/(loss)

The operating profit/(loss) is stated after charging:

	2000	1999
	£	£
Auditors' Remuneration		
- for audit services	8,050	9,250
Depreciation	3,000	36,022

and after crediting:

Rent receivable	87,103	138,954
Administration recharges	<u>12,487</u>	<u>9,061</u>

4 Interest Receivable

	2000	1999
	£	£
Bank Interest	4,464	-
Other Interest	<u>89</u>	<u>-</u>
	<u>4,553</u>	<u>-</u>

5 Interest Payable

	2000	1999
	£	£
On bank loans, overdrafts and other loans repayable within five years	<u>158,502</u>	<u>185,036</u>

6 Employees

There were no employees during the year apart from the directors.

7 Taxation

	2000	1999
	£	£
Overprovision in previous years	(2,234)	(20,000)
	<u>(2,234)</u>	<u>(20,000)</u>

Greatcoat Plc

Notes to the Financial Statements (continued)

8 Tangible Fixed Assets

	<u>Investment Properties</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
<u>Group and Company</u>			
Cost/Valuation:			
At 1 April 1999 and at 31 March 2000	<u>1,734,656</u>	<u>12,000</u>	<u>1,746,656</u>
Depreciation:			
At 1 April 1999	-	6,000	6,000
Provided during the year	-	<u>3,000</u>	<u>3,000</u>
At 31 March 2000	<u>-</u>	<u>9,000</u>	<u>9,000</u>
Net book amounts			
At 31 March 2000	<u>1,734,656</u>	<u>3,000</u>	<u>1,737,656</u>
At 1 April 1999	<u>1,734,656</u>	<u>6,000</u>	<u>1,740,656</u>

The freehold properties are held for investment purposes and the directors consider that the net book value is equivalent to open market value.

Comparable historic cost for the land and building included at valuation:

Cost

Historic cost at 1 April 1999 and at 31 March 2000	<u>1,865,890</u>
-------------------------------------------------------	------------------

Greatcoat Plc

Notes to the Financial Statements (continued)

8. Tangible Fixed Assets continued..

The following amounts are held under hire purchase agreements:

	Group		Holding Company	
	2000	1999	2000	1999
	£	£	£	£
Net book value	-	-	-	-
Depreciation charge for the year	<u>-</u>	<u>9,592</u>	<u>-</u>	<u>9,592</u>

9 Investment in subsidiary companies

2000
£

1999
£

Shares at cost at 1 April 1999 and at 31 March 2000

3

3

The details of subsidiary companies are as follows:

<u>Trading</u>	Ordinary <u>Shares</u>	Ordinary <u>Shares</u>
Jarrow Enterprise Zone Developments Ltd - Property Development	100%	100%
Balliol Developments Ltd - Property Development	100%	100%
Point of Impact Ltd - Property Development	100%	100%

All subsidiaries are registered in England and operated principally within the United Kingdom.

No subsidiary has been excluded from the consolidation.

10 Stocks

	Group		Holding Company	
	2000	1999	2000	1999
	£	£	£	£
Properties for resale and development expenditure	<u>6,716,475</u>	<u>1,325,187</u>	<u>-</u>	<u>-</u>

Greatcoat Plc

Notes to the Financial Statements (continued)

11	<u>Debtors</u>	Group		Holding Company	
		2000	1999	2000	1999
		£	£	£	£
	<u>Amounts falling due within one year</u>				
	Trade Debtors	32,090	26,765	11,520	23,994
	Amounts due from subsidiary companies	-	-	1,382,184	1,638,309
	Other debtors	<u>614,569</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>646,659</u>	<u>26,765</u>	<u>1,393,704</u>	<u>1,662,303</u>

12	<u>Creditors</u>	Group		Holding Company	
		2000	1999	2000	1999
		£	£	£	£
	<u>Amounts falling due within one year</u>				
	Bank overdraft	1,298,631	1,709,420	1,294,554	1,715,127
	Trade creditors	2,996,575	101,180	28,259	60,149
	Other taxes and social security costs	4,696	34,129	4,696	11,517
	Corporation tax	-	135,000	-	135,000
	Obligations under hire purchase and finance lease contracts	-	35,250	-	35,250
	Other creditors	690,616	238,549	589,941	238,549
	Accruals	124,198	52,444	27,735	45,994
	Payments on account	5,966,800	-	-	-
	Amounts owed to group undertakings	<u>-</u>	<u>-</u>	<u>328,097</u>	<u>329,146</u>
		<u>11,081,516</u>	<u>2,305,972</u>	<u>2,273,282</u>	<u>2,570,732</u>

The bank overdraft is secured by debentures and legal charges over certain properties within the group.

Jarrow Enterprise Zone Developments Limited has given a bank guarantee in the ordinary course of business in favour of Greatcoat Plc in respect of bank borrowings.

Greatcoat Plc

Notes to the Financial Statements (continued)

13 Equity Share Capital

	2000	1999
	£	£
Authorised:		
10,000,000 Ordinary Shares of 10p (1999 - 10,000,000)	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
9,304,975 Ordinary Shares of 10p (1999 - 9,304,975)	<u>930,497</u>	<u>930,497</u>

14 Revaluation reserve

	Group and Holding Company	
	2000	1999
	£	£
Balance at 1 April 1999	149,801	235,001
Transfer on recognition of a temporary diminution in value of properties	-	(85,200)
Balance at 31 March 2000	<u>149,801</u>	<u>149,801</u>

15 Profit and Loss Account

	Group		Holding Company	
	2000	1999	2000	1999
	£	£	£	£
Balance at 1 April 1999	(314,912)	(91,395)	(269,318)	(48,377)
(Loss)/profit for the year	<u>(128,798)</u>	<u>(223,517)</u>	<u>25,882</u>	<u>(220,941)</u>
Balance at 31 March 2000	<u>(443,710)</u>	<u>(314,912)</u>	<u>(243,436)</u>	<u>(269,318)</u>

Greatcoat Plc

Notes to the Financial Statements (continued)

16 Contingent Liabilities

No provision has been made in either the group or the holding company's accounts in respect of deferred taxation, at 2000 or 1999 as in the opinion of the directors any potential liabilities are unlikely to crystallise in the foreseeable future.

Unprovided deferred taxation therefore represents a contingent liability at the balance sheet date and has been calculated using a rate of 30% (1999 - 31%).

	Group and Holding Company	
	2000	1999
	£	£
Accelerated capital allowances - buildings	<u>98,000</u>	<u>98,000</u>

17 Related Party Transactions

- (a) During the year Rookwood (a company owned by C J G Hall) rendered charges in connection with management services and the value was £nil (1999: £8,000) in this respect.
- (b) During the year Alpha Acceptances Limited and Alpha Consolidated Holdings Limited (companies partly owned by T Barker) rendered charges in connection with management services and the value was a credit of £37,716 (1999 £22,000 charge) in this respect. No balance remains outstanding at the year end (1999 £44,308).
- (c) During the year Micklegate Special Projects Limited (a company controlled by M.A. Joyce) rendered charges at £nil (1999: £9,393) in respect of property building costs to the group. At the year end £43,665 (1999: £39,954) remained outstanding. During the year Micklegate Special Projects Limited provided Greatcoat Plc with a cashflow loan of £458,647 (1999: £239,147) which was outstanding at the year end.
- (d) During the year MSP (Commercial) Ltd (a company controlled by M A Joyce) provided Greatcoat Plc with a cashflow loan of £70,000 (1999:£nil).