

Greatcoat Plc

Report and Financial Statements

Year Ended

31 March 2005

BDO
BDO Stoy Hayward
Chartered Accountants



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Directors

T Barker FCA
M A Joyce
C J G Hall

Secretary and registered office

M A Joyce, 1 City Square, Leeds. LS1 2DP.

Company number

451454

Auditors

BDO Stoy Hayward LLP, 1 City Square, Leeds, LS1 2DP

Business address

Low Hall, Curly Hill, Middleton, Ilkley. LS29 0AQ.

Bankers

Clydesdale Bank Plc, 30 St Vincent Place, Glasgow, Scotland. G1 2HL.

I am pleased to present to you the directors' report and financial statements for the year ended 31 March 2005.

Results

For the year ended 31 March 2005 the company made a profit before interest paid and taxation of £728,565 (2004: £100,386). Interest paid was £Nil (2004: £352) leaving a profit before tax of £777,597 (2004: £115,033).

The excellent results this year arise mainly from the profit on sale of the Glossop property which concludes our disposal of assets programme except for the realisation of the Jarrow unit which we have included in the accounts at the professional valuers valuation.

Special resolution

As I indicated in my last report on the financial statements for the year ended 31 March 2004, it has been the intention of your directors to wind up the company by distributing the company's assets to the shareholders. Unfortunately, the sale of the Jarrow property has been held up and we have yet to finalise the company's tax liabilities. To keep faith with the shareholders, therefore, we have, after taking professional advice decided to place before you a Special Resolution which will, if passed, enable the company to purchase its own shares.

It is proposed that subsequent to the passing of the Special Resolution, the company will purchase the shares of all shareholders except those of Martin Joyce for 17.7p per share. This price is based upon the net asset value of the company, including the Jarrow property for which we have obtained a professional valuation, less a small discount to take account of the sale of the property, taxation variations and liquidation costs.

Our major shareholders have indicated that they support such a transaction and I will be accepting in regard to my own shareholding.

I commend the passing of the Special Resolution to you.



Trevor Barker
Chairman

Greatcoat Plc

Report of the directors for the year ended 31 March 2005

The directors present their report together with the audited financial statements for the year ended 31 March 2005.

Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the year.

Principal activities, review of business and future developments

The company's principal activity is that of property investment and development.

During the year the company has sold one investment property, and the other property is currently unlet.

Directors

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

	Ordinary shares of 10p each	
	31 March 2005	1 April 2004
T Barker FCA	100,000	100,000
M A Joyce	6,552,488	6,536,488
C J G Hall	-	-

The director who retires by rotation, M A Joyce, being eligible, offers himself for re-election in accordance with the Articles of Association.

Creditor payment policy

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, to ensure that those suppliers are made aware of the terms of payment and abide by the terms of payment.

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 of the profit or loss of the company for that year. 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 company will continue in business.

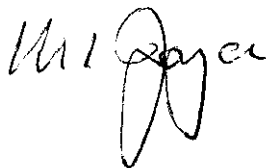
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

On 1 October 2004 the company's auditors John Gordon Walton & Company merged their practice with that of BDO Stoy Hayward LLP. A resolution appointing BDO Stoy Hayward LLP as auditors will be put to the next Annual General Meeting.

On behalf of the board

M A Joyce



Director

Date:

04/07/05

To the shareholders of Greatcoat Plc

We have audited the financial statements of Greatcoat Plc for the year ended 31 March 2005 on pages 6 to 16 which have been prepared under the accounting policies set out on page 10.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, and the Chairman's statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 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 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 the company's affairs as at 31 March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP.
BDO STOY HAYWARD LLP
Chartered Accountants
and Registered Auditors
Leeds

Date: *7 July 2005*

Greatcoat Plc

Profit and loss account for the year ended 31 March 2005

	Note	2005 £	2004 £
Turnover	2	114,048	121,131
Cost of sales		250	336
Gross profit		114,298	121,467
Administrative expenses		(20,158)	(21,581)
Operating profit/(loss)	3	94,140	99,886
Profit on disposal of fixed assets		634,425	500
(Loss)/profit on ordinary activities before interest and other income		728,565	100,386
Other interest receivable and similar income		49,032	14,999
Interest payable and similar charges	4	-	(352)
Profit on ordinary activities before taxation		777,597	115,033
Taxation on profit on ordinary activities	5	(331,767)	-
Profit on ordinary activities after taxation	11	445,830	115,033

The notes on pages 10 to 16 form part of these financial statements.

Statement of total recognised gains and losses and note of historical cost profits and losses for the year ended 31 March 2005

	2005 £	2004 £
Statement of total recognised gains and losses		
Profit for the financial year	445,830	115,033
Unrealised surplus on revaluation of properties	110,000	-
	<u> </u>	<u> </u>
Total recognised gains and losses for the financial year	555,830	115,033
	<u> </u>	<u> </u>
Note of historical cost profits and losses		
Reported profit on ordinary activities before taxation	777,597	115,033
Realisation of property revaluation gains of previous years	40,776	-
	<u> </u>	<u> </u>
Historical cost profit on ordinary activities before taxation	818,373	115,033
	<u> </u>	<u> </u>
Retained historical cost profit for the year after taxation and dividends	486,606	115,033
	<u> </u>	<u> </u>

The notes on pages 10 to 16 form part of these financial statements.

Greatcoat Plc

Balance sheet at 31 March 2005

	Note	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Tangible assets	6		961,251		941,921
Current assets					
Debtors	7	33,502		54,985	
Cash at bank and in hand		1,350,169		472,129	
		<u>1,383,671</u>		<u>527,114</u>	
Creditors: amounts falling due within one year	8	<u>285,005</u>		<u>92,002</u>	
Net current assets			<u>1,098,666</u>		<u>435,112</u>
Total assets less current liabilities			<u>2,059,917</u>		<u>1,377,033</u>
Provision for liabilities and charges	9		<u>127,054</u>		<u>-</u>
			<u>1,932,863</u>		<u>1,377,033</u>
Capital and reserves					
Called up share capital	10		930,497		930,497
Share premium account	11		11,250		11,250
Revaluation reserve	11		77,000		40,776
Capital redemption reserve	11		10,000		10,000
Profit and loss account	11		904,116		384,510
			<u>1,932,863</u>		<u>1,377,033</u>
Equity shareholders' funds	12		<u>1,932,863</u>		<u>1,377,033</u>

The financial statements were approved by the Board on

7 July 2005

M A Joyce
Director



The notes on pages 10 to 16 form part of these financial statements.

Greatcoat Plc**Cash flow statement for the year ended 31 March 2005**

	Note	2005 £	2005 £	2004 £	2004 £
Net cash inflow from operating activities	14		79,008		125,628
Returns on investments and servicing of finance					
Interest received		49,032		14,999	
Interest paid		-		(352)	
Net cash inflow from returns on investments and servicing of finance			49,032		14,647
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		-		(31,251)	
Receipts from sale of tangible fixed assets		750,000		500	
Net cash inflow/(outflow) from capital expenditure and financial investment			750,000		(30,751)
Increase in cash	15		878,040		109,524

The notes on pages 10 to 16 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention modified to include the revaluation of investment properties and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

Turnover

Turnover represents rents and service charges receivable net of VAT.

Investment properties

In accordance with SSAP 19 investment properties are revalued annually to open market value and no depreciation is provided. The directors consider that this accounting policy results in the financial statements giving a true and fair view. The effect of this departure from the Companies Act 1985 has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in value, in which case it is charged to the profit and loss account.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has decided in principle to dispose of the asset; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Operating profit

	2005 £	2004 £
This is arrived at after charging/(crediting):		
Profit on disposal of tangible fixed assets	(634,425)	(500)
Audit services	1,500	2,190
Non-audit services	2,200	-
	<u> </u>	<u> </u>

4 Interest payable and similar charges

	2005 £	2004 £
Bank loans and overdrafts	-	20
Other interest payable	-	332
	<u> </u>	<u> </u>
	-	352
	<u> </u>	<u> </u>

5 Taxation on profit on ordinary activities

	2005 £	2004 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	204,713	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	127,054	-
	<u> </u>	<u> </u>
Taxation on profit on ordinary activities	331,767	-
	<u> </u>	<u> </u>

5 Taxation on profit on ordinary activities (continued)

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2005 £	2004 £
Profit on ordinary activities before tax	777,597	115,033
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2004 - 30%)	233,279	34,510
Effect of:		
Expenses not deductible for tax purposes	800	13
Capital allowances for period in excess of depreciation	(930)	(2,549)
Losses brought forward	-	(31,701)
Other	3,354	(273)
Prior period loan interest now relieved	(31,790)	-
Current tax charge for period	204,713	-

6 Tangible fixed assets

	Investment properties £
<i>Cost or valuation</i>	
At 1 April 2004	941,921
Disposals	(90,670)
Revaluations	110,000
At 31 March 2005	961,251
At 31 March 2004	941,921

The company's principal investment property was valued on 28 January 2005 by Dunlop Heywood Lorenz, Chartered Surveyors. The basis of the valuation was market value, and the valuation was carried out in accordance with the RICS Appraisal and Valuation Manual. The amount of the valuation was £960,000.

7 Debtors

	2005 £	2004 £
Trade debtors	33,502	48,985
Other debtors	-	6,000
	<u>33,502</u>	<u>54,985</u>

All amounts shown under debtors fall due for payment within one year.

8 Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	-	1,500
Taxation and social security	208,794	4,990
Other creditors	19,000	25,000
Accruals and deferred income	57,211	60,512
	<u>285,005</u>	<u>92,002</u>

9 Provision for liabilities and charges

	Deferred taxation £
Charged to profit and loss account	127,054
At 31 March 2005	<u>127,054</u>
<i>Deferred taxation</i>	
	2005 £
Potential capital gain on revalued property	127,054
	<u> </u>

10 Share capital

	2005	Authorised	Allotted, called up and fully paid	
	£	2004 £	2005 £	2004 £
<i>Equity share capital</i>				
15,000,000 ordinary shares of 10p each	1,500,000	1,500,000	930,497	930,497

11 Reserves

	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £
At 1 April 2004	11,250	40,776	10,000	384,510
Revaluation surplus	-	110,000	-	-
Deferred tax on revaluation	-	(33,000)	-	33,000
Profit for the year	-	-	-	445,830
Realisation of revaluation reserve	-	(40,776)	-	40,776
At 31 March 2005	11,250	77,000	10,000	904,116

12 Reconciliation of movements in shareholder's funds

	2005 £	2004 £
Profit for the year	445,830	115,033
Other net recognised gains and losses relating to the year	110,000	-
Net additions to shareholder's funds	555,830	115,033
Opening shareholder's funds	1,377,033	1,262,000
Closing shareholder's funds	1,932,863	1,377,033

13 Related party disclosures*Controlling parties*

The company is controlled by M A Joyce, who has a beneficial interest in 6,552,488 shares.

Related party transactions and balances

During the year Rookwood (a business owned by C J G Hall) rendered charges at arms length in connection with management services amounting to £3,000 (2004: £38,200). At 31 March 2005 £25,000 was outstanding (2004: £30,000).

During the year T Barker Chartered Accountants (previously T Barker Management Services (a company partly owned by T Barker)) rendered charges at arms length in connection with management services amounting to £6,000 (2004: £6,000). No balance remained outstanding at the year end (2004: £1,500).

During the year Greatcoat Plc provided Precis (1638) Limited (a company controlled by M A Joyce) with a temporary loan of £210,000. The loan was repaid during the year, and interest at commercial rates was earned of £1,835.

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

	2005 £	2004 £
Operating profit	728,565	100,386
Exceptional items included in operating profit	(634,425)	(500)
	<hr/>	<hr/>
Operating profit before exceptional items	94,140	99,886
Profit on sale of tangible fixed assets	(634,425)	(500)
Loss on sale of investments	-	1
Decrease in debtors	21,483	2,695
(Decrease)/Increase in creditors	(11,710)	23,046
Costs included within profit on sale of tangible fixed assets	(24,905)	-
	<hr/>	<hr/>
Cash inflow relating to exceptional items	(555,417)	125,128
	634,425	500
	<hr/>	<hr/>
Net cash inflow from operating activities	79,008	125,628
	<hr/> <hr/>	<hr/> <hr/>

15 Reconciliation of net cash flow to movement in net funds

	2005 £	2004 £
Increase in cash	878,040	109,524
Movement in net funds	878,040	109,524
Opening net funds	472,129	362,605
Closing net funds	<u>1,350,169</u>	<u>472,129</u>

16 Analysis of net funds

	At 1 April 2004 £	Cash flow £	At 31 March 2005 £
Cash at bank and in hand	472,129	878,040	1,350,169
	<u>472,129</u>	<u>878,040</u>	<u>1,350,169</u>