

Greatcoat Plc

**Directors' Report and Financial Statements
for the year ended 31 March 1998**

JOHN GORDON WALTON & CO.

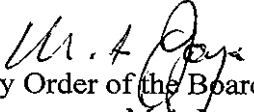


Registered Number 451454

Notice of Meeting

NOTICE is hereby given that the Annual General Meeting of Greatcoat Plc will be held on Tuesday, 3 November 1998 at 11.00 .a.m. at the offices of John Gordon Walton & Co, Yorkshire House, Greek Street, Leeds, LS1 5ST for the following purposes:

- 1 To receive and consider the Directors' Report and Audited Financial Statements for the financial year ended 31 March 1998.
- 2 To re-elect Directors.
- 3 To re-appoint the auditors, John Gordon Walton & Co.
- 4 To authorise the Directors to fix the remuneration of the auditors.
- 5 To transact any other business proper to an Annual General Meeting.


By Order of the Board
M A Joyce
Secretary

6 Park Square
LEEDS
LS1 2LX

28 October 1998

Note

Under the provisions of the Articles of Association of the company only members or their duly appointed representatives are entitled to attend and vote at the meeting. A member so entitled may appoint a proxy, who need not be a member, to attend and vote on his behalf.

Greatcoat Plc

Contents

	Page
Directors, Officers, Bankers and Advisers	1
Chairman's Statement	2
Directors' Report	3 - 4
Statement of Directors' Responsibilities	5
Auditors' Report	6
Group Profit and Loss Account	7
Balance Sheets	8 - 9
Group Cash Flow Statement	10 - 11
Group Statement of Total Recognised Gains and Losses	
Note of Historical Cost Losses and Profits	
Reconciliation of Equity Shareholders' Funds	12
Notes to the Accounts	13 - 24

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: 6 Park Square
LEEDS
West Yorkshire
LS1 2LX

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

Solicitors: Hammond Suddards
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 substantial progress in the affairs of the group. For the year ended 31 March 1998 the group made a profit before taxation of £2,562,874 (1997 loss £1,389,074). The group balance sheet now shows a surplus of shareholders' funds of £1,095,353 compared to a deficit at 31 March 1997 of £1,312,521.

During the year under review, the developments at Jarrow and Balliol were completed and the insurance claim in respect of the premises at Glossop, destroyed by fire in May 1996, was met in full. In line with our agreement with Hallamshire Investments Plc, they purchased two of the completed units at Jarrow which enabled us to substantially reduce the group's borrowing levels.

At present, we are holding two industrial units at Jarrow and one at Balliol as investments available for letting. Shareholders will appreciate that the present economic conditions in the country, and especially the North East, are proving a difficult climate for letting the units. We continue to receive a steady flow of enquiries but, to date, these have not reached a contractual stage. The units are held in the group's balance sheet at cost pending sale or lettings.

Until we achieve a letting, the present rentals from the original properties do not meet the costs of the business and interest charges. Our units are of a high standard and we remain confident that, in the longer term, they will prove to be a first class investment to the group. Your Board continue to pursue every opportunity to achieve this aim.

Trevor Barker
Chairman

Greatcoat Plc

Directors' Report

The directors submit their report and group accounts of Greatcoat Plc for the year ended 31 March 1998.

Principal Activities

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

Results for the year and review of business

	1998 £
Profit before insurance proceeds	89,418
Net insurance proceeds relating to fire claim	<u>2,714,099</u> 2,803,517
Interest payable	(240,643)
Taxation payable	<u>(155,000)</u>
Retained Profit	<u>2,407,874</u>

Dividend

The directors do not recommend payment of a dividend (1997 - £ nil) and the profit 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.

Year 2000

The directors have assessed the possibility of Year 2000 related failure in the systems and are satisfied that there will be no significant impact on the business. Although it is impossible to guarantee that no Year 2000 problems will remain, the directors feel that the company will be able to deal promptly with any failures that may occur.

Greatcoat Plc

Directors' Report

Directors' interests

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

	31 March 1998 10p ordinary <u>Beneficial</u>	31 March 1997 10p ordinary <u>Beneficial</u>
T Barker	100,000	100,000
M A Joyce	6,536,488	6,374,688
C J G Hall	-	-

None of the directors had any other interests in the share capital of the company or its subsidiaries.

Mr C J G Hall retires in accordance with 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 1998.

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

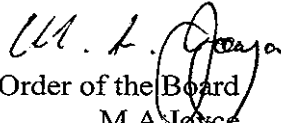
No changes have taken place in these interests since the end of the financial year.

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.

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

£ October 1998

Greatcoat Plc

Statement of 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 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 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' Report

To the Shareholders of Greatcoat Plc

We have audited the financial statements on pages 7 to 24 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 1998 and of the group's profit 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

.s. October 1998

Greatcoat PlcGroup Profit and Loss Account
for year ended 31 March 1998

	<u>1998</u>		<u>1997</u>		
	Continuing Operations	Total	Continuing Operations	Discontinuing Operations	Total
Turnover	1,419,240	1,419,240	-	2,180,191	2,180,191
(Increase)/Decrease in finished goods and work in progress	(687,559)	(687,559)	-	237,804	237,804
Raw materials and consumables	-	-	-	704,967	704,967
Development costs	1,835,952	1,835,952	-	-	-
Other external charges	270,847	270,847	-	226,194	226,194
Gross Profit	270,847	270,847	-	1,011,226	1,011,226
Staff costs	-	-	10,809	461,717	472,526
Depreciation	8,424	8,424	26,124	134,466	160,590
Other operating income	2,769,229	2,769,229	179,561	30,625	210,186
Other operating charges	228,135	228,135	567,454	502,942	1,070,396
Operating Profit/(Loss)	2,803,517	2,803,517	(424,826)	(57,274)	(482,100)
Loss on disposal of fixed assets	-	-	(44,771)	6,988	(37,783)
Disposal of discontinuing activities	-	-	-	(649,999)	(649,999)
Profit/(Loss) on ordinary activities before interest	2,803,517	2,803,517	(469,597)	(700,285)	(1,169,882)
Interest payable	240,643	240,643	124,861	94,331	219,192
Profit/(Loss) on ordinary activities before taxation	2,562,874	2,562,874	(594,458)	(794,616)	(1,389,074)
Tax on profit/(loss) on ordinary activities	155,000	155,000	-	-	-
Profit/(Loss) retained for year	2,407,874	2,407,874	(594,458)	(794,616)	(1,389,074)

Greatcoat Plc

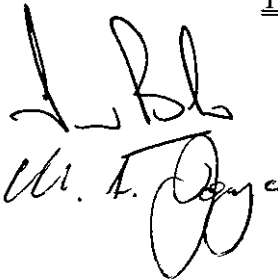
Group Balance Sheet

at 31 March 1998

	Note	1998		1997	
		£	£	£	£
<u>Fixed Assets</u>					
Tangible assets	8		1,860,878		1,043,564
<u>Current Assets</u>					
Stocks	10	1,403,157		715,598	
Debtors	11	<u>159,833</u>		<u>489,332</u>	
		1,562,990		1,204,930	
<u>Creditors: amounts falling due within one year</u>	12		<u>2,290,425</u>		<u>3,522,925</u>
<u>Net current liabilities</u>			<u>(727,435)</u>		<u>(2,317,995)</u>
<u>Total assets less current liabilities</u>			1,133,443		(1,274,431)
<u>Creditors: amounts falling due after more than one year</u>	13		38,090		38,090
<u>Net assets/(liabilities)</u>			<u>1,095,353</u>		<u>(1,312,521)</u>
<u>Capital and reserves</u>					
Called up share capital	16		930,497		930,497
Share premium account			11,250		11,250
Capital redemption reserve fund			10,000		10,000
Revaluation reserve	17		235,001		235,001
Profit and loss account	18		<u>(91,395)</u>		<u>(2,499,269)</u>
<u>Equity Shareholders' Funds</u>			<u>1,095,353</u>		<u>(1,312,521)</u>

T Barker Director

M A Joyce Director



.s. October 1998

Greatcoat Plc

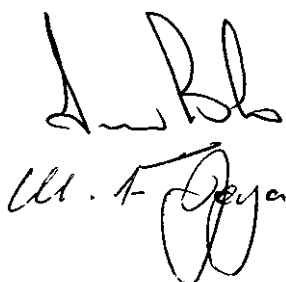
Holding Company Balance Sheet

at 31 March 1998

	Notes	£	1998 £	£	1997 £
<u>Fixed Assets</u>					
Tangible assets	8		1,860,878		1,043,564
Investment in subsidiary companies	9		<u>3</u>		<u>100,001</u>
			1,860,881		1,143,565
<u>Current Assets</u>					
Stock	10	-		12,363	
Debtors	11	1,841,605		<u>1,192,567</u>	
		1,841,605		1,204,930	
<u>Creditors: amounts falling due within one year</u>	12	<u>2,526,025</u>		<u>3,522,795</u>	
<u>Net current liabilities</u>			<u>(684,420)</u>		<u>(2,317,865)</u>
<u>Total assets less current liabilities</u>			1,176,461		(1,174,300)
<u>Creditors: amounts falling due after more than one year</u>	13		<u>38,090</u>		<u>795,729</u>
Net Assets			<u>1,138,371</u>		<u>(1,970,029)</u>
<u>Capital and reserves</u>					
Called up share capital	16		930,497		930,497
Share premium account			11,250		11,250
Capital redemption reserve fund			10,000		10,000
Revaluation reserve	17		235,001		235,001
Profit and loss account	18		<u>(48,377)</u>		<u>(3,156,777)</u>
Equity Shareholders' Funds			<u>1,138,371</u>		<u>(1,970,029)</u>

T Barker Director

M A Joyce Director



..s. October 1998

Greatcoat Plc

Cash Flow Statement

for the year ended 31 March 1998

	1998		1997	
	£	£	£	£
<u>Net cash inflow/(outflow) from operating activities</u>		1,699,955		(883,496)
<u>Returns on investments and servicing of finance</u>				
Interest paid	(240,643)		(219,192)	
<u>Net cash outflow for returns on investments and servicing of finance</u>		(240,643)		(219,192)
<u>Capital Expenditure</u>				
Payments to acquire tangible assets	(949,800)		(140,183)	
Receipts on sale of assets	<u>124,062</u>		<u>676,600</u>	
<u>Net cash (outflow)/inflow for capital expenditure</u>		<u>(825,738)</u>		<u>536,417</u>
<u>Net cash inflow/(outflow) before management of liquid resources and financing</u>		633,574		(566,271)
<u>Financing</u>				
Directors' loans	-		100,000	
Repayment of long term loan	(222,500)		(267,500)	
Capital element of hire purchase contracts	<u>-</u>		<u>(758,841)</u>	
<u>Net cash outflow from financing</u>		<u>(222,500)</u>		<u>(926,341)</u>
<u>Increase/(decrease) in cash in the year</u>		<u>411,074</u>		<u>(1,492,612)</u>

Greatcoat Plc

Notes to the Cash Flow Statement

for the year ended 31 March 1998

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

	1998	1997
	£	£
Operating profit/(loss)	2,803,517	(1,169,882)
Depreciation charges	8,424	160,590
Loss on disposal of tangible assets	-	37,783
Loss on disposal of subsidiary	-	649,999
Deferred grants movement	-	(15,221)
Increase in stocks	(687,559)	(124,617)
Decrease in debtors	329,499	242,402
Decrease in creditors	<u>(753,926)</u>	<u>(664,550)</u>
Net cash inflow/(outflow)	<u>1,699,955</u>	<u>(883,496)</u>

2. Analysis of Net Debt

	1 April 1997	Cash Flow	31 March 1998
Bank overdraft	(2,076,529)	411,074	(1,665,455)
Debt			
Bank and loan capital	(222,500)	222,500	-
Hire purchase and finance lease contracts	(51,941)	-	(51,941)
Director's loan	<u>(200,000)</u>	<u>-</u>	<u>(200,000)</u>
	<u>(2,550,970)</u>	<u>633,574</u>	<u>(1,917,396)</u>

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

	1998	1997
	£	£
Increase/(decrease) in cash in the year	411,074	(1,492,612)
Cash outflow from debt and financing	<u>222,500</u>	<u>926,341</u>
Movement in net debt in the year	633,574	(566,271)
Opening net debt	<u>(2,550,970)</u>	<u>(1,984,699)</u>
Closing net debt	<u>(1,917,396)</u>	<u>(2,550,970)</u>

Greatcoat Plc

for the year ended 31 March 1998

Group Statement of Total Recognised Gains and Losses

	1998 £	1997 £
Profit/(loss) on ordinary activities after taxation	2,407,874	(1,389,074)
Permanent Diminution in value of land in buildings	<u> -</u>	<u>(360,142)</u>
Total recognised gains/(loss)	<u>2,407,874</u>	<u>(1,749,216)</u>

Group Historical Cost Profits and Losses

	£	£
Profit/(loss) on Ordinary Activities after taxation	2,407,874	(1,389,074)
Difference between historical cost depreciation and depreciation	<u> -</u>	<u> -</u>
Historical cost profit/loss on Ordinary Activities after taxation	<u>2,407,874</u>	<u>(1,389,074)</u>

Reconciliation of Equity Shareholders' Funds

	£	£
Profit/(loss) on Ordinary Activities after taxation	2,407,874	(1,389,074)
Reduction in revaluation reserve	<u> -</u>	<u>(360,142)</u>
Net increase/(decrease) in shareholders' funds	2,407,874	(1,749,216)
Equity shareholders' funds at 1 April 1997	(1,312,521)	<u>436,695</u>
Equity shareholders' funds at 31 March 1998	<u>1,095,353</u>	<u>(1,312,521)</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

Freehold land and buildings are stated at a professional valuation at 3 December 1996 based on a current open market value with subsequent additions at cost.

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 written off against reserves in the year of acquisition.

Greatcoat Plc

Notes to the Financial Statements (continued)

1. Accounting Policies continued

Stocks

- a Stocks and work in progress are valued at the lower of cost and estimated net realisable value on bases which have been consistently applied. In the case of finished goods and work in progress, cost includes all direct expenditure together with overheads attributable to production based on the normal level of activity.
- b Property Development Expenditure consists of the cost of acquisition (including legal costs) and subsequent expenditure on development.

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.

Foreign currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date and any differences are taken to the profit and loss account.

Pension costs

The charge in the accounts represents the contributions payable by the company during the year in accordance with Statement of Standard Accounting Practice 24 - Accounting for Pension Costs.

Greatcoat Plc

Notes to the Financial Statements (continued)

2 Turnover and Segmental Analysis

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

The operating result and net assets attributable to each division and geographical market is not disclosed as in the opinion of the directors, the publication of such information could be prejudicial to the interests of the group.

The geographical area analysis of turnover is as follows:

	1998		1997	
	£	%	£	%
United Kingdom	1,419,240	100.0	1,132,331	51.8
Europe	-	-	569,040	26.1
Far East	-	-	171,035	7.8
Middle East	-	-	87,792	4.0
North America	-	-	199,989	9.2
Rest of World	-	-	20,004	1.1
	<u>1,419,240</u>	<u>100.0</u>	<u>2,180,191</u>	<u>100.0</u>

3 Operating Profit/(Loss)

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

	1998	1997
	£	£
Directors' Remuneration (see note 6)	-	116,751
Auditors' Remuneration		
- for audit services	5,000	4,750
- for other professional work	-	7,750
Depreciation	8,424	160,590
Operating lease rentals - plant and machinery	-	13,674
Research and Development Costs	-	23,092
Debt Insurance and factoring charges	-	<u>73,152</u>
and after crediting:		
Net insurance proceeds relating to fire claim	2,714,099	-
Endowment surplus	55,130	-
Rent receivable	146,930	207,484
Administration recharges	<u>4,111</u>	<u>2,702</u>

Greatcoat Plc

Notes to the Financial Statements (continued)

4 Exceptional Charges

	<u>Discontinued Operations</u>	
	1998	1997
	£	£
Disposal of subsidiary business and assets (see Note 9)		
Fixed assets	-	1,310,345
Stock	-	363,276
Debtors	-	964,703
Creditors	<u>-</u>	<u>(2,173,324)</u>
	-	465,000
Consideration received	<u>-</u>	<u>1</u>
	-	464,999
Consideration paid to purchasers for acquisition of business	<u>-</u>	<u>185,000</u>
Loss on disposal of subsidiary's business and assets (before interest)	<u>-</u>	<u>649,999</u>

5 Interest Payable

	1998	1997
	£	£
On bank loans, overdrafts and other loans repayable within five years	240,643	155,351
On bank and other loans wholly or partly repayable in more than five years	-	18,412
Finance charges in respect of finance leases and hire purchase agreements repayable wholly within five years	<u>-</u>	<u>45,429</u>
	<u>240,643</u>	<u>219,192</u>

Greatcoat Plc

Notes to the Financial Statements (continued)

6 Employees

	1998	1997
The average weekly number of employees during the year were made up as follows:		
Office and Management	-	13
Selling	-	4
Manufacturing	<u>-</u>	<u>26</u>
	<u>-</u>	<u>43</u>

	£	£
Staff costs during the year amounted to:		
Wages and Salaries	-	438,826
Social Security costs	-	27,176
Other pensions costs	<u>-</u>	<u>6,524</u>
	<u>-</u>	<u>472,526</u>

	£	£
Directors' remuneration: (including pension contributions)		
Fees	-	-
Other emoluments	-	41,761
Payment in lieu of notice to former directors	<u>-</u>	<u>75,000</u>
	<u>-</u>	<u>116,761</u>

7 Taxation

	1998	1997
	£	£
Corporation tax at 31%	<u>155,000</u>	<u>-</u>

Greatcoat Plc

Notes to the Financial Statements (continued)

8 Tangible Fixed Assets

	<u>Investment Properties</u> £	<u>Plant and Equipment</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
<u>Group and Company</u>				
Cost/Valuation:				
At 1 April 1997	1,008,718	570,040	-	1,578,758
Additions	934,200	3,600	12,000	949,800
Disposals	(124,062)	(319,046)	-	(443,108)
At 31 March 1998	<u>1,818,856</u>	<u>254,594</u>	<u>12,000</u>	<u>2,085,450</u>
Depreciation:				
At 1 April 1997	-	535,194	-	535,194
Provided during the year	-	5,424	3,000	8,424
Disposals	-	(319,046)	-	(319,046)
At 31 March 1998	<u>-</u>	<u>221,572</u>	<u>3,000</u>	<u>224,572</u>
Net book amounts				
At 31 March 1998	<u>1,818,856</u>	<u>33,022</u>	<u>9,000</u>	<u>1,860,878</u>
At 1 April 1997	<u>1,008,718</u>	<u>34,846</u>	<u>-</u>	<u>1,043,564</u>

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

Greatcoat Plc

Notes to the Financial Statements (continued)

8 Tangible Fixed Assets (continued)

	Group		Holding Company	
	1998	1997	1998	1997
	£	£	£	£
Net book amounts at 31 March 1998	9,592	34,846	9,592	34,846
Depreciation charge for the year	<u>1,875</u>	<u>-</u>	<u>1,875</u>	<u>-</u>

9 Investment in subsidiary companies

	1998	1997
	£	£
Shares at cost at 1 April 1997	100,001	200,402
Additions during the year	2	1
Provision for diminution in value of investment	-	(100,402)
Shares in subsidiary company written off	(100,000)	<u>-</u>
	<u>3</u>	<u>100,001</u>

The details of subsidiary companies are as follows:

<u>Trading</u>	Ordinary Shares	Ordinary Shares
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	
	1998	1997	1998	1997
	£	£	£	£
Property Development expenditure	<u>1,403,157</u>	<u>715,598</u>	<u>-</u>	<u>12,363</u>
	<u>1,403,157</u>	<u>715,598</u>	<u>-</u>	<u>12,363</u>

Greatcoat Plc

Notes to the Financial Statements (continued)

11 Debtors

	Group		Holding Company	
	1998	1997	1998	1997
	£	£	£	£
<u>Amounts falling due within one year</u>				
Trade Debtors	38,042	31,220	33,190	31,220
Amounts due from subsidiary companies	-	-	1,620,899	815,127
Other debtors	94,062	447,668	159,787	335,776
Prepayments	<u>27,729</u>	<u>10,444</u>	<u>27,729</u>	<u>10,444</u>
	<u>159,833</u>	<u>489,332</u>	<u>1,841,605</u>	<u>1,192,567</u>
<u>Amounts falling due after more than one year</u>				
Amounts due from subsidiary companies	-	-	-	4,072,454
Less: Provision for irrecoverable balances	-	-	-	(4,072,454)
<u>Total Debtors</u>	<u>159,833</u>	<u>489,332</u>	<u>1,701,052</u>	<u>1,192,567</u>

12 Creditors

	Group		Holding Company	
	1998	1997	1998	1997
	£	£	£	£
<u>Amounts falling due within one year</u>				
Bank overdraft	1,665,455	2,076,529	1,669,440	2,076,529
Bank and loan capital (see note 14)	-	222,500	-	222,500
Trade creditors	88,794	62,865	46,731	62,865
Other taxes and social security costs	-	8,094	-	8,094
Corporation tax	155,000	-	155,000	-
Obligations under hire purchase and finance lease contracts (see note 15)	13,851	13,850	13,851	13,850
Other creditors	61,011	551,411	61,013	551,281
Accruals	106,314	387,676	106,314	387,676
Director's loan (see note 23)	200,000	200,000	200,000	200,000
Amounts owed to group undertakings	-	-	273,676	-
	<u>2,290,425</u>	<u>3,522,925</u>	<u>2,526,025</u>	<u>3,522,795</u>

The bank overdraft is secured by a fixed and floating charge on the assets of the group.

Greatcoat Plc

Notes to the Financial Statements (continued)

13	<u>Creditors</u>	Group		Holding Company	
		1998	1997	1998	1997
		£	£	£	£
	<u>Amounts falling due after more than one year</u>				
	Obligations under hire purchase and finance lease contracts (see note 15)	38,090	38,090	38,090	38,090
	Amounts due to subsidiary companies	—	—	—	<u>757,639</u>
		<u>38,090</u>	<u>38,090</u>	<u>38,090</u>	<u>795,729</u>
	All amounts due to subsidiaries are payable within five years.				
14	<u>Bank and Loan Capital</u>	Group		Holding Company	
		1998	1997	1998	1997
		£	£	£	£
	Not wholly repayable within five years	-	-	-	-
	Wholly repayable within five years	—	<u>222,500</u>	—	<u>222,500</u>
		-	<u>222,500</u>	-	<u>222,500</u>
	Less amounts due within one year	—	<u>222,500</u>	—	<u>222,500</u>
	Amounts due after more than one year	—	—	—	—
15	<u>Obligations under finance leases and hire purchase contracts</u>	Group		Holding Company	
		1998	1997	1998	1997
		£	£	£	£
	Repayable within one year	-	20,368	-	20,368
	Repayable between one and five years	<u>76,380</u>	<u>56,012</u>	<u>76,380</u>	<u>56,012</u>
		76,380	76,380	76,380	76,380
	Finance charges and interest allocated to future accounting periods	<u>(24,440)</u>	<u>(24,440)</u>	<u>(24,440)</u>	<u>(24,440)</u>
		51,940	51,940	51,940	51,940
	Included in current liabilities	<u>(13,850)</u>	<u>(13,850)</u>	<u>(13,850)</u>	<u>(13,850)</u>
	Included in amounts falling due after more than one year	<u>38,090</u>	<u>38,090</u>	<u>38,090</u>	<u>38,090</u>

Greatcoat Plc

Notes to the Financial Statements (continued)

16 Equity Share Capital

	1998	1997
	£	£
Authorised:		
10,000,000 Ordinary Shares of 10p (1997 - 10,000,000)	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
9,304,975 Ordinary Shares of 10p (1997 - 9,304,975)	<u>930,497</u>	<u>930,497</u>

17 Revaluation reserve

	Group and Holding Company	
	1998	1997
	£	£
Balance at 1 April 1997	235,001	595,143
Transfer on recognition of a permanent diminution in value of properties	-	(360,142)
Balance at 31 March 1998	<u>235,001</u>	<u>235,001</u>

18 Profit and Loss Account

	Group		Holding Company	
	1998	1997	1998	1997
	£	£	£	£
Balance at 1 April 1997	(2,499,269)	(1,110,195)	(3,156,777)	(1,649,407)
Profit/(Loss) for the year	<u>2,407,874</u>	<u>(1,389,074)</u>	<u>3,108,400</u>	<u>(1,507,370)</u>
Balance at 31 March 1998	<u>(91,395)</u>	<u>(2,499,269)</u>	<u>(48,377)</u>	<u>(3,156,777)</u>

Greatcoat Plc

Notes to the Financial Statements (continued)

19 Contingent Liabilities

No provision has been made in either the group or the holding company's accounts in respect of deferred taxation, at 1998 or 1997 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 31% (1997 - 33%).

	Group		Holding Company	
	1998	1997	1998	1997
	£	£	£	£
Accelerated capital allowances - buildings	<u>106,000</u>	<u>92,000</u>	<u>-</u>	<u>-</u>

20 Pensions

The pension cost represents contributions payable by the group to the schemes amounting to £Nil (1997 - £6,524).

21 Related Party Transactions

(a) Directors' Loan Accounts

The following amounts are outstanding on directors' loan accounts.

	1998	1997
	£	£
M A Joyce	<u>200,000</u>	<u>200,000</u>

(b) During the year Rookwood (a company owned by C J G Hall) rendered charges in connection with management services and the value was £2,127 (excluding VAT) in this respect.

(c) 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 £75,666 (1997 £40,000) in this respect. £42,134 (1997 £nil) remains outstanding at the year end.

Greatcoat Plc

Notes to the Financial Statements (continued)

21 Related Party Transactions continued

- (d) During the year Ratefield Limited (a company owned by M A Joyce) rendered charges in connection with management services and the value was £91,000 (1997 £nil) in this respect.
- (e) During the year Micklegate Special Projects Limited (a company controlled by M.A. Joyce) rendered charges at £2,715,299 in respect of property building costs to the group. At the year end £33,378 remained outstanding in respect of retentions on the building contract.
- (f) Jarrow Enterprise Zone Developments Limited sold Unit B, Viking Industrial Park, to Greatcoat Plc for £934,200. At 31 March 1998 Jarrow Enterprise Zone Developments Limited owed Greatcoat Plc £733,166 in respect of amounts expended on the company's behalf.
- (g) Jarrow Enterprise Zone Developments Limited sold Unit E, Viking Industrial Park, to Point of Impact Limited for £333,201. At 31 March 1998 Point of Impact Limited owed Jarrow Enterprise Zone Developments Limited £345,564 in respect of this transaction and other amounts expended on the company's behalf.
- (h) At 31 March 1998 Greatcoat Plc owed Point of Impact Limited £273,676 in respect of amounts expended on the company's behalf.
- (i) At 31 March 1998 Balliol Developments Limited owed Greatcoat Plc £887,731 in respect of property development costs expended on the company's behalf.