

Goldcrest Homes plc

Financial statements 31 March 2000
together with directors' and auditors' reports

Registered number: 1660121



Company information

Directors

Sir Peter Thompson (Chairman)* †
M Collins (Chief Executive)* †
T L Carvall (Construction Director)
D J Hodgson (Marketing Director)
S E Leach A.C.A. (Finance Director)* †
M D Sierens (Planning & Design Director)
Dr K Mourad FRCR (Non-Executive)
Miss O M Collins (Non-Executive)
Miss S A Collins (Non-Executive)

* indicates member of audit committee

† indicates member of remuneration committee

Secretary

M Collins

Registered office

Goldcrest House
7 Hurlingham Business Park
Sullivan Road
London
SW6 3DU

Auditors

Binder Hamlyn
20 Old Bailey
London
EC4M 7BH

Bankers

Barclays Bank plc
PO Box 544
54 Lombard Street
London
EC3V 9EX

Solicitors

Nabarro Nathanson
Lacon House
Theobald's Road
London
WC1X 8RW

Chairman's statement

Dear Shareholder,

Your directors are pleased to report a profit before tax of £2.7m, which compares with a profit of £2.25m for the prior year. Gross margin has improved to 39.4% from a prior year of 31.1% and the resultant net margin is 16.9% compared with 10.2%. The company has improved its high Return on Capital Employed from 27.0% to 35.5%. Earnings per share increased from £10.05 to £12.64.

Dividend

The Company paid a first interim dividend of £2.68 per share and it is proposed that a final dividend of £3.20 per share will be paid in June.

Property review

The London property market remains healthy and there is still strong interest from Irish buyers. Purchasers from the recovering economies of Southeast Asia are re-entering the market. The expectation is that there will be increases in sales values in the forthcoming 12 months due to demand created as a result of the low supply of good affordable housing in Central London.

Pressure is increasing on the acquisition of new sites at acceptable margins.

Financing

These excellent results have enabled the financial strength of the Company to be enhanced by an increase in retained profits, renegotiated loan arrangements with our bank and also new equity being subscribed by 6 of the directors.

Prospects

This is the 6th successive year that the company has reported an increase in profits and earnings per share. It is expected that in a more difficult market for land acquisition and trading, progress will still continue. The company is intending to sell to Irish and Southeast Asian customers in the forthcoming year.

Results such as these are only achieved by an enthusiastic team, well led by Michael Collins, the Chief Executive. I thank all of them for the hard work that they have put in which is reflected in the excellent results which we are now reporting.



Sir Peter Thompson
Chairman

Directors' report

For the year ended 31 March 2000

Financial statements

The directors present their annual report and Group financial statements together with the auditors' report for the year ended 31 March 2000.

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 the group and of the profit or loss of the group 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.

Principal activities and review of the business

The Group's principal activities for the year under review were that of residential house building, land development and sales.

A summary of the results of the year's trading is shown on page 6 of the financial statements. A review of the Group's business and future developments is included within the Chairman's statement.

Results and dividends

The profit for the year after taxation amounted to £1,926,000 (1999: £1,519,000).

The directors recommend that the profit for the year be dealt with as follows:

	£'000
Ordinary dividends	
- First interim paid of £ 2.68 (1999 - £1.80) per share	405
- Final dividend proposed of £3.20 (1999 - £2.88) per share	497
Transfer to reserves	1,024
	1,926

Directors' report (continued)

Directors and their interests

The directors who held office during the year and their beneficial interests in the issued share capital at the beginning and end of the year were as follows:

	£1 Ordinary shares Fully paid	
	2000	1999
M Collins	124,356	123,590
Sir Peter Thompson	4,918	2,775
M D Sierens	5,654	5,544
Dr K Mourad FRCR	2,168	1,624
Miss O M Collins	1,686	1,624
Miss S A Collins	1,686	1,624
T L Carvall	-	-
D J Hodgson	-	-
S E Leach	-	-

Miss O M Collins, Dr K Mourad and Miss S A Collins retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election. M Collins transferred 114 shares to Dr K Mourad in the year.

Charitable donations

During the period the Group contributed £1,353 (1999 - £1,126) to charitable organisations. The Group made no political donations.

Year 2000

The directors were aware of the significance of the Year 2000 issue and took steps to ensure that all relevant systems and equipment were Year 2000 compliant. Costs, which were not significant, were expensed as incurred.

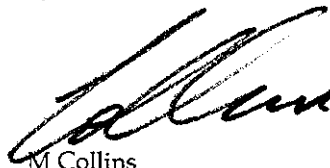
Directors' report (continued)

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Binder Hamlyn be re-appointed as auditors of the company will be put to the Annual General Meeting.

Goldcrest House
7 Hurlingham Business Park
Sullivan Road
London SW6 3DU

By order of the Board,



M Collins

Secretary

22 May 2000

BINDER HAMLYN

Auditors' report

To the Shareholders of Goldcrest Homes plc:

Andersen Worldwide

20 Old Bailey
London EC4M 7BH

We have audited the financial statements on pages 6 to 21 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practice Board and by our profession's professional guidance.

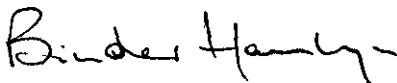
Basis of opinion

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 circumstances of the company and the Group, 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 Group as at 31 March 2000 and of the Group's profit and cashflows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Binder Hamlyn

Chartered Accountants and Registered Auditors

20 Old Bailey
London
EC4M 7BH

22 May 2000

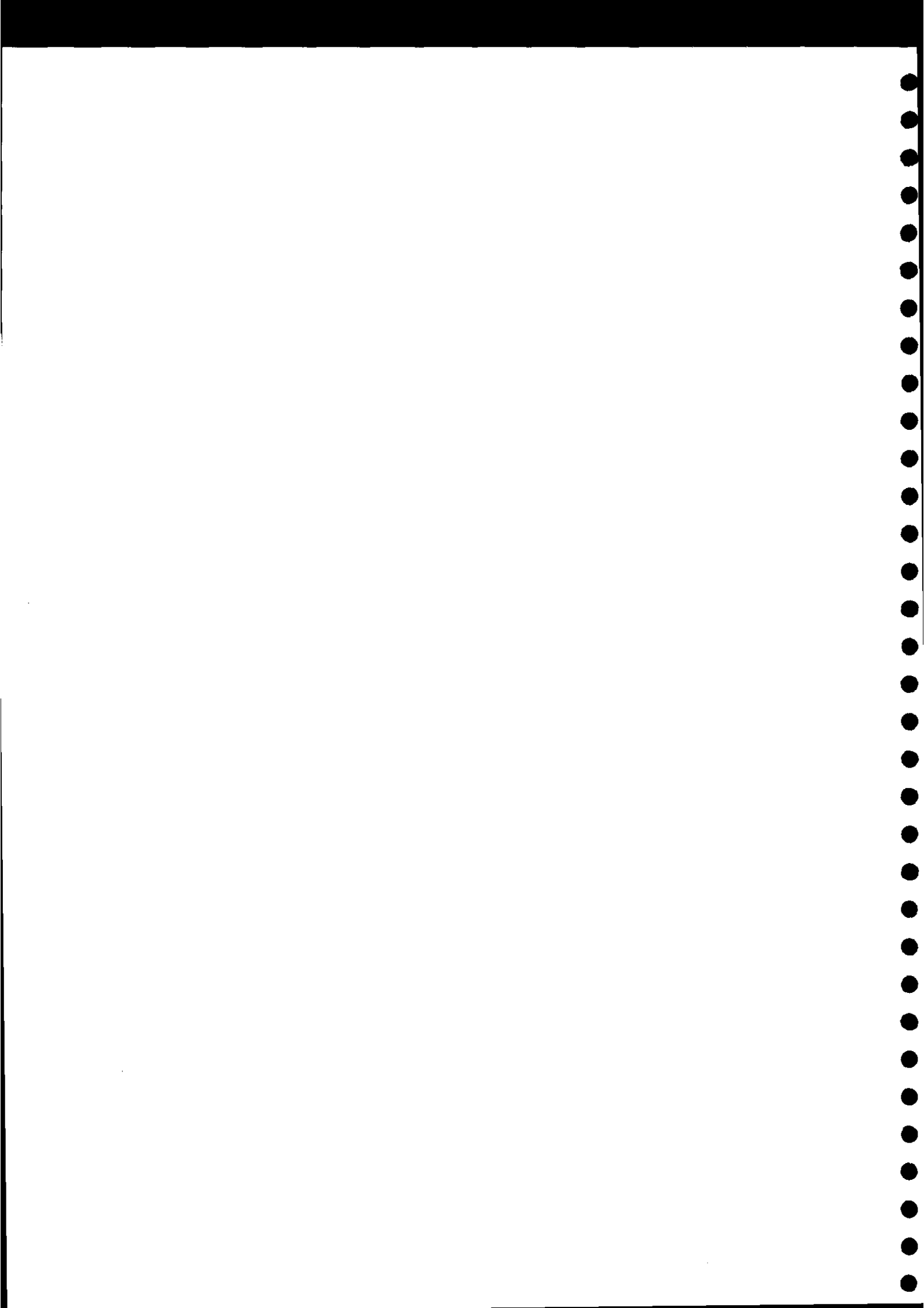
Consolidated profit and loss account

For the year ended 31 March 2000

	Notes	2000 £'000	1999 £'000
Turnover	1	11,397	14,958
Cost of sales		(6,903)	(10,311)
Gross profit		4,494	4,647
Administrative expenses		(1,379)	(1,951)
Operating profit		3,115	2,696
Interest receivable		45	58
Interest payable	4	(453)	(505)
Profit on ordinary activities before taxation	2	2,707	2,249
Tax on profit on ordinary activities	5	(781)	(730)
Profit on ordinary activities after taxation		1,926	1,519
Dividends	6	(902)	(707)
Retained profit for the year	19	1,024	812
Earnings per share	7	£12.64	£10.05

The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented. The results for both periods derive from the continuing activities of the Group.

The accompanying notes are an integral part of this consolidated profit and loss account.

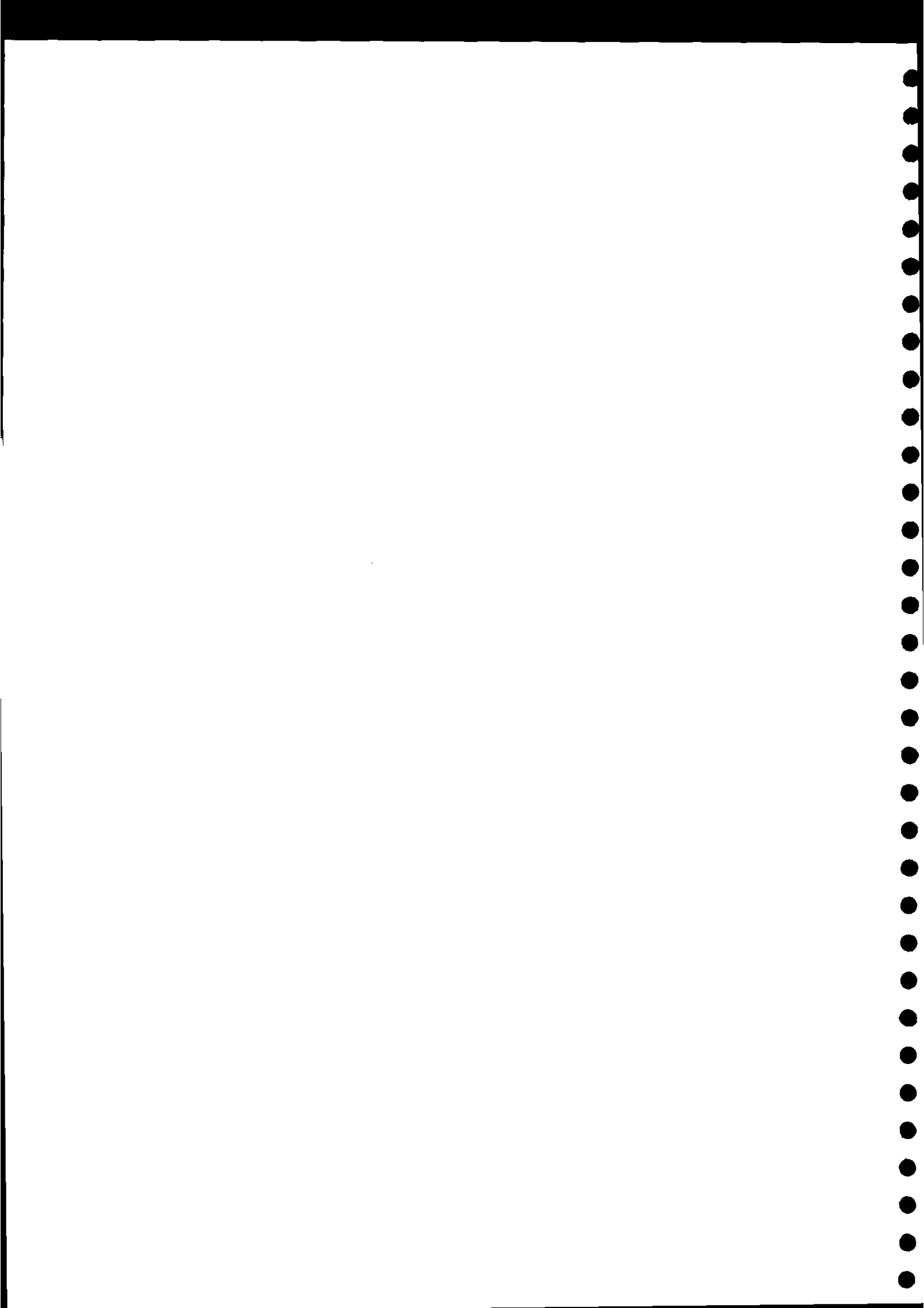


Consolidated balance sheet

31 March 2000

	Notes	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	8	<u>189</u>	<u>65</u>
Current Assets			
Stocks	10	6,318	3,338
Debtors	11	3,429	10,765
Cash at bank and in hand		<u>1,160</u>	<u>73</u>
		10,907	14,176
Creditors: Amounts falling due within one year			
Bank Loans and overdrafts	12	(4,073)	(6,593)
Other creditors	12	<u>(1,611)</u>	<u>(3,118)</u>
		(5,684)	(9,711)
Net current assets		5,223	4,465
Creditors: Amounts falling due after more than one year			
Bank Loans and overdrafts	13	-	(500)
Other creditors	13	<u>(83)</u>	<u>(25)</u>
		(83)	(525)
Net assets		<u>5,329</u>	<u>4,005</u>
Capital and reserves			
Called-up share capital	17	155	151
Share premium account	19	710	414
Profit and loss account	19	<u>4,464</u>	<u>3,440</u>
Shareholders' funds - all equity	20	<u>5,329</u>	<u>4,005</u>

The accompanying notes are an integral part of this consolidated balance sheet.



Company balance sheet

31 March 2000

	Notes	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	8	188	63
Investments	9	-	-
		<u>188</u>	<u>63</u>
Current Assets			
Stocks	10	6,300	3,304
Debtors	11	8,762	14,428
Cash at bank and in hand		1,159	72
		<u>16,221</u>	<u>17,804</u>
Creditors: Amounts falling due within one year			
Bank Loans and overdrafts	12	(4,072)	(6,435)
Other creditors	12	(7,166)	(7,034)
		<u>(11,238)</u>	<u>(13,469)</u>
Net current assets		<u>4,983</u>	<u>4,335</u>
Total assets less current liabilities		<u>5,171</u>	<u>4,398</u>
Creditors: Amounts falling due after more than one year			
Bank Loans and overdrafts	13	-	(500)
Other creditors	13	(83)	(25)
		<u>(83)</u>	<u>(525)</u>
Net assets		<u>5,088</u>	<u>3,873</u>
Capital and reserves			
Called-up share capital	17	155	151
Share premium account	19	710	414
Profit and loss account	19	4,223	3,308
Shareholders' funds - all equity		<u>5,088</u>	<u>3,873</u>

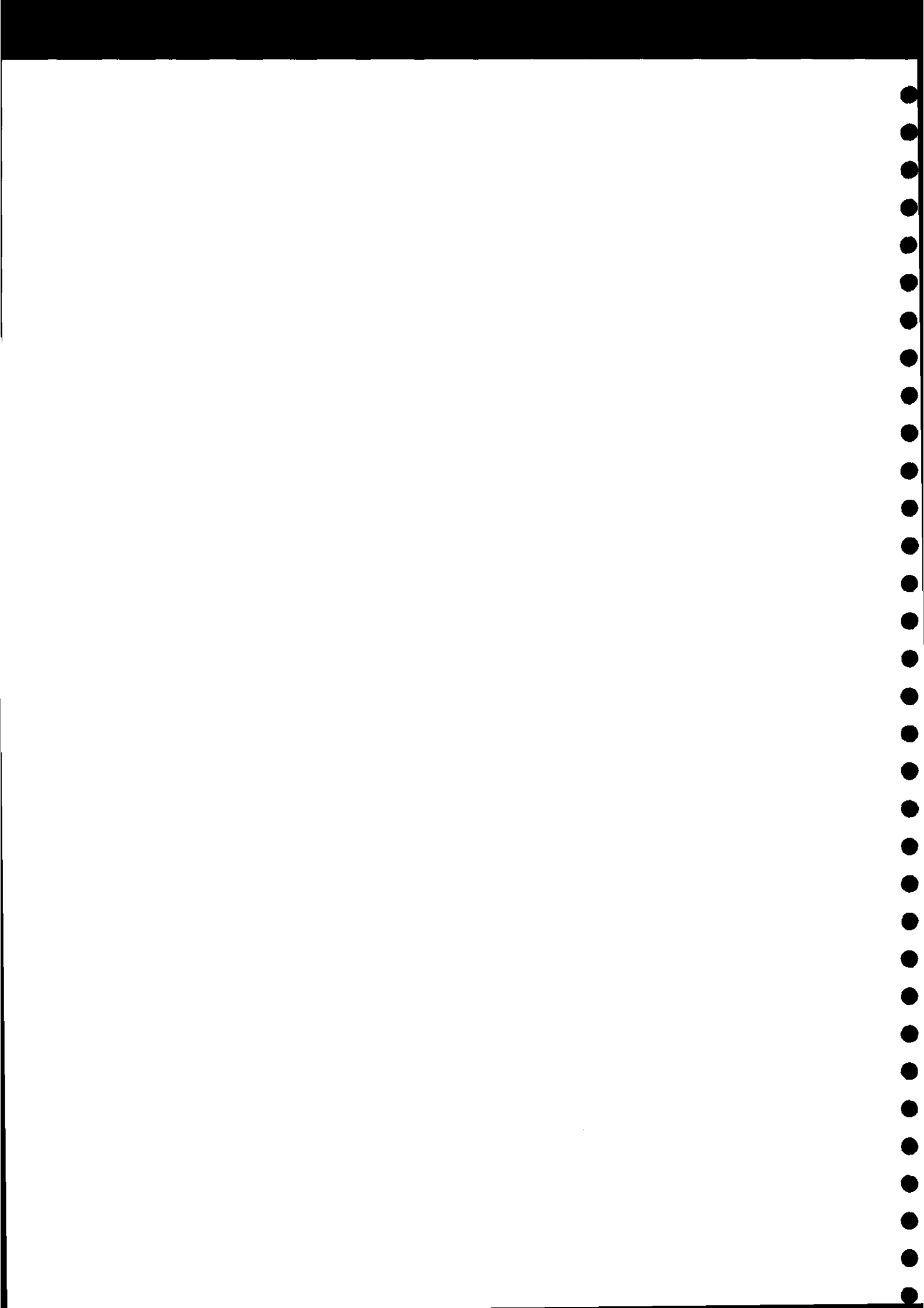
The financial statements on pages 6 to 21 were approved by the Board on 22 May 2000.

M Collins

Chief Executive



The accompanying notes are an integral part of this balance sheet.



Consolidated cash flow statement

For the year ended 31 March 2000

	Notes	2000 £'000	1999 £'000
Net cash inflow/(outflow) from operating activities	23	5,852	(3,219)
Returns on investments and servicing of finance	24	(471)	(447)
Taxation		(634)	(487)
Capital expenditure	25	(54)	(8)
Equity dividends paid		(840)	(272)
Cash inflow/(outflow) before financing		3,853	(4,433)
Financing	26	(2,357)	4,106
Increase/(decrease) in cash in the year		1,496	(327)

The accompanying notes are an integral part of this consolidated cash flow statement.

Notes to the financial statements

31 March 2000

1 Accounting policies

A summary of the principal accounting policies is set out below. They have all been applied consistently throughout the year and preceding year.

a) Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Basis of consolidation

The Group financial statements consolidate the financial statements of Goldcrest Homes plc and all its subsidiary undertakings. No profit and loss account for Goldcrest Homes plc has been presented as permitted by Section 230 of the Companies Act 1985.

c) Turnover

Turnover comprises amounts receivable for properties sold and services provided in the normal course of business excluding value added tax.

d) Profit recognition

Properties are treated as sold and profits are recognised when contracts are exchanged and the building work is substantially complete.

e) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

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

Fixtures, fittings and equipment	-	over 5 years
Computer equipment	-	over 4 years
Motor vehicles	-	over 4 years

f) Leasing and hire purchase

Assets obtained under finance leases and hire purchase contracts which result in the transfer of substantially all the risks and rewards of ownership are capitalised as tangible fixed assets at the estimated present value of underlying minimum lease payments and are depreciated in accordance with the above policy. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The finance element of the rental payments is charged to the profit and loss account over the period of the lease or hire purchase contract so as to produce a constant periodic rate of charge on the outstanding balance of the net obligation in each period.

Rentals paid under operating leases are charged against income on a straight line basis over the lease term.

Notes to the financial statements (continued)

1 Accounting policies (continued)

g) Stock and work in progress

Stock and work in progress are stated at the lower of cost and net realisable value. Cost includes cost of acquisition plus all attributable direct expenditure but excludes interest.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

h) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced.

i) Investments

In the company balance sheet, investments in subsidiaries are stated at cost less provision for diminution in value.

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2000 £'000	1999 £'000
Depreciation: owned fixed assets	21	16
Depreciation: assets under finance leases	25	22
Profit on sale of fixed assets	12	-
Operating lease rentals	42	62
Directors' emoluments		
- Fees	15	17
- Remuneration	208	162
Auditors' remuneration		
- Audit services	15	15
- Non-audit services	5	-

Notes to the financial statements (continued)

3 Employees

Number of employees

The average weekly number of persons (including directors) employed by the company during the year was:

	2000 Number	1999 Number
Office and management	22	22
Construction	2	3
	<u>24</u>	<u>25</u>

Employment costs (including directors)

	2000 £'000	1999 £'000
Wages and salaries	710	694
Social security costs	77	63
	<u>787</u>	<u>757</u>

The amounts in respect of the highest paid director are as follows:

	2000 £'000	1999 £'000
Emoluments	69	69
Company contributions paid to money purchase pension schemes	<u>7</u>	<u>7</u>

The Company paid contributions to a money purchase pension scheme in respect of one director.

4 Interest payable

	2000 £'000	1999 £'000
On loans and overdrafts repayable:		
Within five years not by instalments	337	373
Other interest payable	<u>116</u>	<u>132</u>
	<u>453</u>	<u>505</u>

5 Tax on profit on ordinary activities

	2000 £'000	1999 £'000
Corporation tax at 30% (1999 - 31%)	808	737
Adjustment in respect of prior years	<u>(27)</u>	<u>(7)</u>
Tax on profit on ordinary activities	<u>781</u>	<u>730</u>

Notes to the financial statements (continued)

6 Dividends

	2000 £'000	1999 £'000
Ordinary shares:		
- First interim paid of £ 2.68 (1999 - £1.80) per share	405	272
- Final dividend proposed of £ 3.20 (1999 - £2.88) per share	497	435
	<u>902</u>	<u>707</u>

7 Earnings per share

Earnings per share has been calculated by dividing the attributable profit of £1,926,000 by 152,386 being the weighted average number of ordinary shares in issue during the year (1999 - £1,519,000 - 151,188 being the number of ordinary shares in issue throughout the year).

8 Tangible fixed assets

Group	Fixtures, fittings and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 April 1999	58	78	87	223
Additions	10	45	134	189
Disposals	-	-	(87)	(87)
At 31 March 2000	<u>68</u>	<u>123</u>	<u>134</u>	<u>325</u>
Depreciation				
At 1 April 1999	39	64	55	158
Charge for the year	7	14	25	46
Disposals	-	-	(68)	(68)
At 31 March 2000	<u>46</u>	<u>78</u>	<u>12</u>	<u>136</u>
Net book value				
Owned assets	22	45	-	67
Leased assets	-	-	122	122
At 31 March 2000	<u>22</u>	<u>45</u>	<u>122</u>	<u>189</u>
Owned assets	19	9	-	28
Leased assets	-	5	32	37
At 31 March 1999	<u>19</u>	<u>14</u>	<u>32</u>	<u>65</u>

Notes to the financial statements (continued)

8 Tangible fixed assets (continued)

Company	Fixtures, fittings and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 April 1999	42	63	87	192
Additions	10	45	134	189
Disposals	-	-	(87)	(87)
At 31 March 2000	52	108	134	294
Depreciation				
At 1 April 1999	25	49	55	129
Charge for the year	6	14	25	45
Disposals	-	-	(68)	(68)
At 31 March 2000	31	63	12	106
Net book value				
Owned assets	21	45	-	66
Leased assets	-	-	122	122
At 31 March 2000	21	45	122	188
Owned assets	17	9	-	26
Leased assets	-	5	32	37
At 31 March 1999	17	14	32	63

9 Fixed asset investments

Investment in subsidiary undertakings

	2000 £'000	1999 £'000
Shares at cost	250	250
Provision for diminution in value	(250)	(250)
Shares in subsidiary undertaking	-	-

Notes to the financial statements (continued)

9 Fixed asset investments (continued)

The principal subsidiaries are:

	Percentage holding	Issued ordinary share capital
Goldcrest Homes (London) Limited	100	£100
Goldcrest Homes (Construction) Limited (i)	100	£2

(i) Wholly owned subsidiary of Goldcrest Homes (London) Limited.

(ii) Both the above companies are incorporated in England and Wales and operate in the United Kingdom. Both companies are involved in housebuilding and property development.

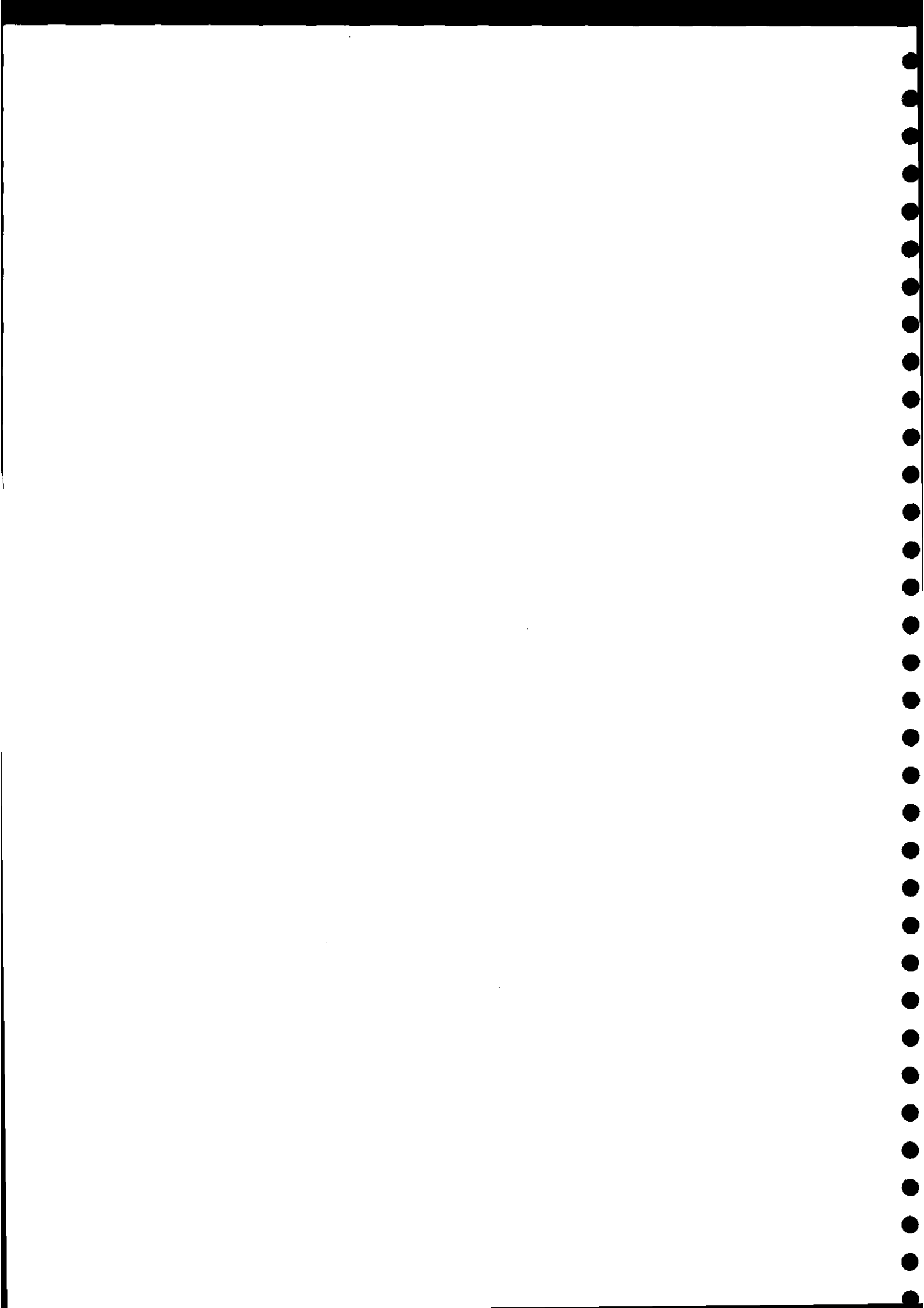
10 Stocks

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Stock – land	5,805	3,011	5,805	3,010
Work in progress	513	327	495	294
	<u>6,318</u>	<u>3,338</u>	<u>6,300</u>	<u>3,304</u>

There is no material difference between the balance sheet value of stocks and their replacement costs.

11 Debtors

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Trade debtors	3,237	10,312	3,214	10,289
Amounts owed by Group undertakings	-	-	5,449	3,862
ACT recoverable	-	68	-	68
Other debtors	120	327	27	182
Prepayments	72	58	72	27
	<u>3,429</u>	<u>10,765</u>	<u>8,762</u>	<u>14,428</u>



Notes to the financial statements (continued)

12 Creditors: Amounts falling due within one year

	Group		Company	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Obligations under finance leases	21	21	21	21
Bank loans (secured)	4,066	6,177	4,066	6,177
Bank overdrafts (secured)	7	416	6	258
Trade creditors	-	1,530	-	-
Amounts owed to Group undertakings	-	-	5,591	5,671
Corporation tax	837	757	811	549
Other taxes and social security costs	131	43	131	28
Dividend proposed	497	435	497	435
Other creditors	29	97	19	95
Accruals	96	235	96	235
	<u>5,684</u>	<u>9,711</u>	<u>11,238</u>	<u>13,469</u>

13 Creditors: Amounts falling due after more than one year

	Group		Company	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Obligations under finance leases	83	25	83	25
Other loans (secured)	-	500	-	500
	<u>83</u>	<u>525</u>	<u>83</u>	<u>525</u>

Notes to the financial statements (continued)

14 Loans

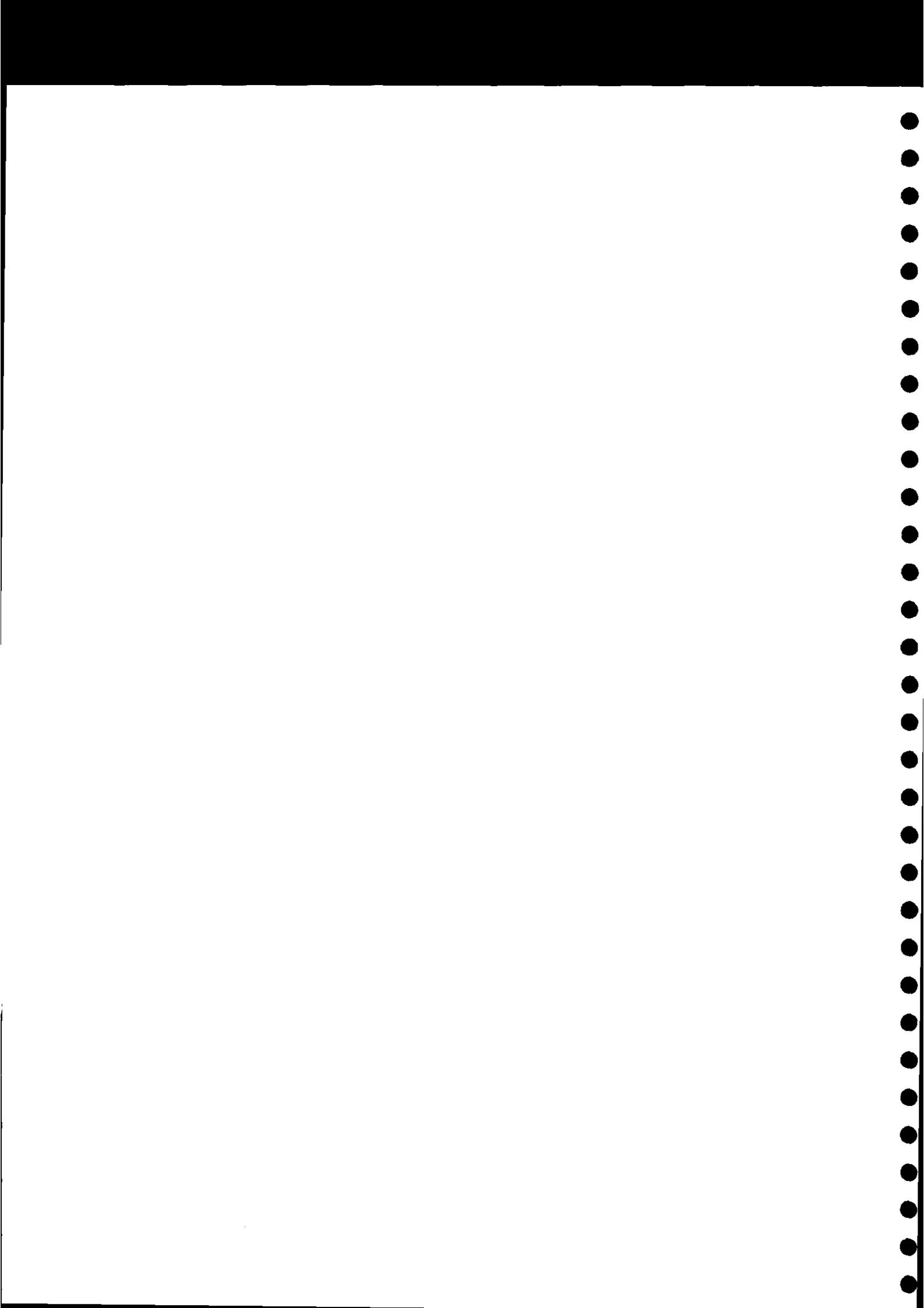
	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
<i>Bank loans</i>				
Wholly repayable within one year	4,066	6,177	4,066	6,177
	<u>4,066</u>	<u>6,177</u>	<u>4,066</u>	<u>6,177</u>
<i>Other loans</i>				
Wholly repayable within five years	-	500	-	500
	<u>-</u>	<u>500</u>	<u>-</u>	<u>500</u>
<i>Aggregate amounts repayable:</i>				
Within one year	-	-	-	-
Between one and two years	-	-	-	-
Between two and five years	-	500	-	500
	<u>-</u>	<u>500</u>	<u>-</u>	<u>500</u>

Security

Bank loans and overdrafts are secured by a legal charge on the Group's stock of land for development and a floating charge on all other assets.

Other Loans

In the year a loan of £500,000 from British Smaller Companies VCT plc, £150,000 of which was convertible into ordinary shares was repaid with no conversion.



Notes to the financial statements (continued)

15 Obligations under finance leases

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Obligations under finance lease contracts				
Amounts payable:				
Within one year	21	21	21	21
Between one and two years	23	14	23	14
Between two and five years	60	11	60	11
	<u>104</u>	<u>46</u>	<u>104</u>	<u>46</u>

16 Commitments under operating leases

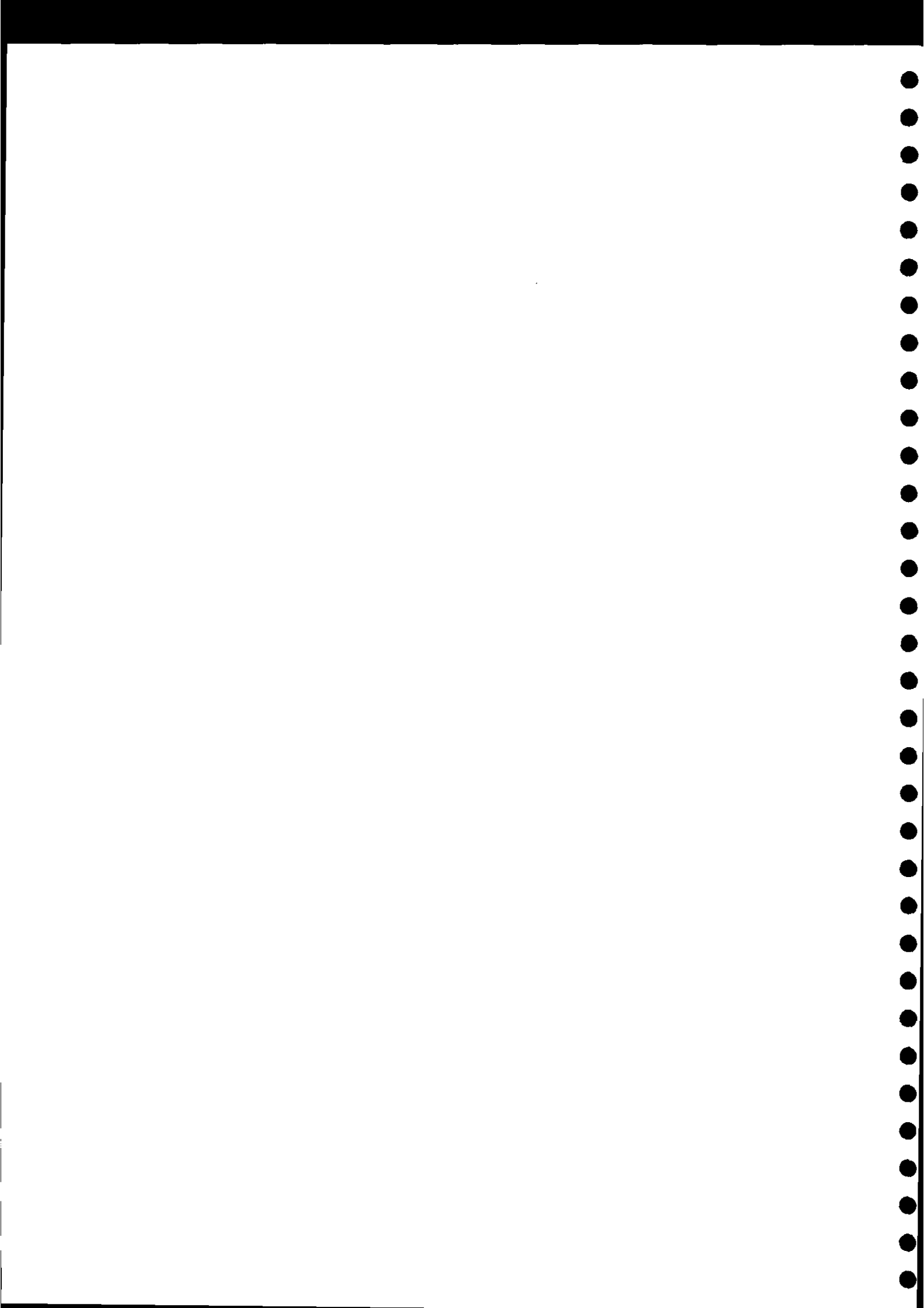
	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Motor vehicle leases which expire:				
Within one year	9	4	9	4
Between one and two years	37	54	37	54
Between two and five years	9	60	9	60
	<u>55</u>	<u>118</u>	<u>55</u>	<u>118</u>

17 Called up equity share capital

	2000	1999
	£	£
<i>Authorised</i>		
1,000,000 (1999 - 1,000,000) £1 Ordinary shares	<u>1,000,000</u>	<u>1,000,000</u>
<i>Allotted and fully paid</i>		
155,475 (1999 - 151,188) £1 Ordinary shares	<u>155,475</u>	<u>151,188</u>

During the year the company allotted 4,287 ordinary shares with a nominal value of £4,287 and at a premium of £ 295,803 in order to finance acquisition of land in the normal course of business, of which the following were allotted to directors:-

Sir Peter Thompson	2,143
M Collins	880
Dr K Mourad FRCR	430
Miss S A Collins	62
Miss O M Collins	62
M D Sierens	110
	<u>3,687</u>



Notes to the financial statements (continued)

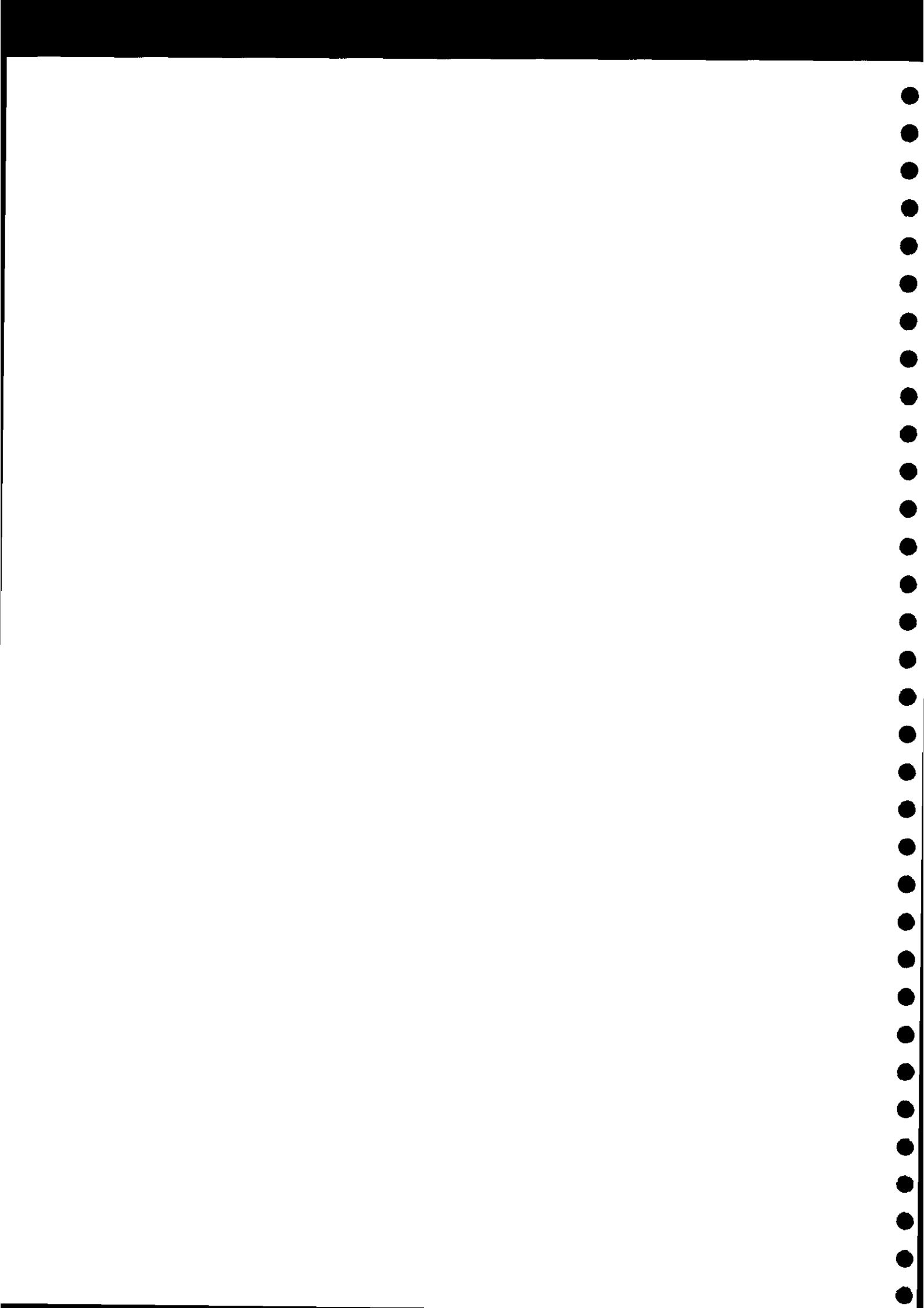
18 Share options

Options have been granted under an Approved Executive Share Option Scheme and an Unapproved Executive Share Option Scheme to subscribe for Ordinary Shares of Goldcrest Homes plc as follows:

Scheme	No. of options	Subscription price per share	Exercise period
Approved scheme	3,332	£18	Not earlier than 3 or later than 10 years after grant of option, subject to the pre-tax profit for the year ended 31 March preceding the date of exercise exceeding a specified amount.
	857	£35	
	285	£70	
Unapproved scheme	9,653	£18	On or after the third anniversary of the date of grant of option.
	7,193	£35	

19 Reserves

Group	Share premium Account £'000	Profit and loss Account £'000
At 1 April 1999	414	3,440
On issue of shares	296	-
Retained profit for the year	-	1,024
At 31 March 2000	710	4,464
Company	Share premium Account £'000	Profit and loss Account £'000
At 1 April 1999	414	3,308
On issue of shares	296	-
Retained profit for the year	-	915
At 31 March 2000	710	4,223



Notes to the financial statements (continued)

20 Reconciliation of movements in group shareholders' funds

	2000 £'000	1999 £'000
Profit for the financial year	1,926	1,519
Dividend paid on equity shares	(405)	(272)
Dividend payable on equity shares	(497)	(435)
New shares issued	300	97
Net addition to shareholders' funds	1,324	909
Opening equity shareholders' funds	4,005	3,096
Closing equity shareholders' funds	5,329	4,005

21 Related party transactions

Mr Michael Sierens, a director of the Company is a practising architect under the name of MD Sierens Building and Design Services and also a director/shareholder of Michael Sierens Associates Limited; both these companies act as the Group's principal architects and planning consultants and as such receive fees for their services. The total paid during the year was £134,380 and there was no amount outstanding at the end of the year.

22 Commitments

At 31 March 2000, the company had exchanged contracts on a property and was committed to pay the balance of the purchase price of £1.17 million. Completion took place on 19th May 2000 when this amount was paid.

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

	2000 £'000	1999 £'000
Operating profit	3,115	2,696
Depreciation	46	38
(Increase)/decrease in stock	(2,980)	1,672
Decrease/(increase) in debtors	7,268	(8,370)
(Decrease) /increase in creditors	(1,585)	745
Profit on sale of fixed assets	(12)	-
Net cash inflow/(outflow) from operating activities	5,852	(3,219)

24 Returns on investment and servicing of finance

	2000 £'000	1999 £'000
Interest received	45	58
Loan interest paid	(511)	(500)
Finance lease interest paid	(5)	(5)
	(471)	(447)

Notes to the financial statements (continued)

25 Capital expenditure

	2000 £'000	1999 £'000
Purchase of tangible fixed assets	(85)	(8)
Sale of tangible fixed assets	31	-
	<u>(54)</u>	<u>(8)</u>

26 Financing

	2000 £'000	1999 £'000
Issue of ordinary share capital	300	97
(Decrease)/increase in short term borrowings	(2,611)	4,020
Capital element of finance lease rental payments	(46)	(11)
	<u>(2,357)</u>	<u>4,106</u>

27 Analysis and reconciliation of net debt

	Movements		
	1 April 1999 £'000	Cashflow £'000	Other Non- Cash Changes £'000
Cash at bank and in hand	73	1,087	-
Overdrafts	(416)	409	-
	<u>(343)</u>	<u>1,496</u>	<u>-</u>
Debt due after 1 year	(500)	500	-
Debt due within 1 year	(6,177)	2,111	-
Finance leases	(46)	46	(104)
	<u>(6,723)</u>	<u>2,657</u>	<u>(104)</u>
	<u>(7,066)</u>	<u>4,153</u>	<u>(104)</u>
			2000 £'000
Increase/(decrease) in cash in the year			1,496
Cash inflow/(outflow) from debt and lease financing			2,657
Change in net debt resulting from cash flows			<u>4,153</u>
New finance leases			(104)
Movement in net debt in the year			<u>4,049</u>
Net debt at 1 April 1999			(7,066)
Net debt at 31 March 2000			<u>(3,017)</u>