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Sutton Harbour Holdings plc

ANNUAL REPORT & ACCOUNTS 1999

DIRECTORS & ADVISERS

For the year ended 31 March 1999

Directors:	M. Ellen Winser (Non-Executive Chairman) Duncan B. Godefroy (Managing Director) Nigel J. Godefroy (Executive Director) Malcolm L. Iley (Non-Executive Director) Peter A. Langmaid (Non-Executive Director) Raymond Wood (Non-Executive Director)
Secretary and Registered Office:	Duncan B. Godefroy, North Quay House, Sutton Harbour, Plymouth. PL4 0RA Tel: 01752 204186 Fax: 01752 205403 www.sutton-harbour.co.uk
Auditors:	GRANT THORNTON, Cobourg House, Mayflower Street, Plymouth. PL1 1LG
Nominated Adviser:	ERNST & YOUNG, Beckett House, Lambeth Palace Road, London. SE1 7EU
Nominated Broker:	ROWAN DARTINGTON & CO. LIMITED, Colston Tower, Colston Street, Bristol. BS1 4RD
Registrar:	EXCHANGE REGISTRARS LIMITED, 18 Park Place, Cardiff. CF1 3PD
Bankers:	NATIONAL WESTMINSTER BANK plc., 14 Old Town Street, Plymouth. PL4 0YY
Local Broker:	GREIG MIDDLETON & CO. LIMITED, St. Catherine's House, 5 Notte Street, Plymouth. PL1 2TW
Solicitors:	WOLFERSTANS, Deptford Chambers, 60/64 North Hill, Plymouth. PL4 8EP

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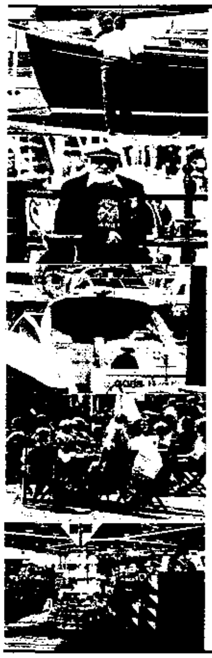


"operating profits have exceeded one million pounds..."

Chairman's Statement

Financial Highlights

Reviewing a year of continuing progress I am pleased to report that operating profits have exceeded one million pounds - a significant milestone for your Company. To have increased turnover by 25% and operating profits by 18% is a considerable achievement and the Executive Directors and their team are to be congratulated on this satisfactory result.

The profit before tax is virtually unchanged due to an insignificant amount of interest being capitalised this year compared to 1998.

Your company had been carrying forward a debtor of £253,000, being Advance Corporation Tax on historic dividends. This amount was available to set against your Company's corporation tax liability in the future. Following the changes to ACT effected this year it is now likely to take considerably longer before it can be used and your Board has been advised that it would be prudent to write this amount off - although it remains available to be set against corporation tax payable in the future. No cash is involved in this write off. Consequently it has been ignored in determining the final dividend.

In line with company policy that dividends should be twice covered the Directors recommend a final net dividend of 2.4p per share, making a total of 3.8p per share, an increase of 4.1% on last year. The final dividend will be paid on 1 October 1999 to Shareholders on the register on 17 September 1999.

A revaluation of our property assets was carried out by Stratton Creber Commercial, external Surveyors, as at 31 March 1999. Overall there has been little change from the previous valuation plus subsequent expenditure. Full details are given on page 24.

Overview

Sutton Harbour is currently one of the busiest small harbours in the UK and now that the award winning regeneration scheme is complete we have a very strong foundation for growth. However the potential within the harbour is limited by its physical constraints and to achieve sustained growth, trading activities have to be expanded both organically and through acquisition.

Thanks to the success of our regeneration scheme, the harbour area is now acting as a magnet for visitors and local people. There are exciting proposals being financed by Plymouth City Council for a public walkway around the harbour and a planned £5 million heritage centre telling the story of Sutton Harbour and the Barbican that will add to the attraction of the area and boost trade.

I am delighted to report that the National Marine Aquarium, which stands on company land, has welcomed over 470,000 visitors in its first year of operation, whilst 400,000 people have visited the Dartington Glass centre on the site of the old Barbican Fish Market. These numbers clearly endorse your Board's policy of attracting high quality development to Sutton Harbour, which has the potential to benefit all the businesses operating there.

Trading

Our trading businesses comprise the operation of a boat building and repair yard, a fishing chandlery, our own fishing vessels, leisure boat sales, a public house, fuel sales for fishing vessels and private craft and ice making and sales in connection with the Fish Market. All of these activities are carried out in premises owned by the Company. Already they contribute well to our overall profitability. To protect existing franchises and to extend our leisure boat sale and chandlery activities, in February 1999 we acquired the business of Torbay Boating Centre.

CHAIRMAN'S STATEMENT

"The benefits of the regeneration are now clear to see..."

A large recently built marina in Plymouth has created competitive pressure on pontoon fees. However, Sutton Harbour Marina remains highly popular with all permanent berths currently occupied. We have increased the number of visiting berths by ten in anticipation of continuing demand.

As Shareholders know, the company headquarters were relocated from the old Harbour Office to North Quay House. The old offices have been extensively improved and refurbished and have been let on favourable terms to a high quality tenant.

Property rentals have increased by 24% but thanks to the increase in turnover from our trading activities we believe that your Company continued to qualify for Reinvestment Relief during the period for those Shareholders who bought their shares when this Relief was available.

The old Barbican Fish Market has received a commendation from the Civic Trust being placed second nationally in a special partnership award sponsored by English Partnerships. This is the third award your company has received this year for its work on this project. In April we were named the winner in the Restoration Category of the Abercrombie Architectural Design awards and in November we received the Winning by Design award for the design of the interior of the building.

Plymouth Fisheries

Plymouth Fisheries remains one of the most successful operations of its kind in Europe. Fish landings have increased by 19% compared to last year inspite of the lemon sole season being very poor. This was apparently caused by minute fluctuations in sea temperature affecting the food chain.

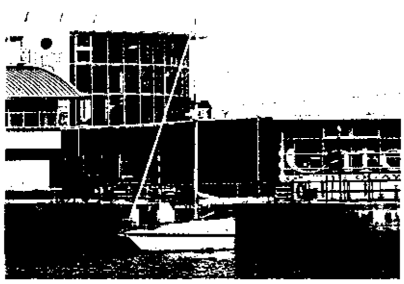
Our unique partnership with Plymouth Trawler Agents continues to benefit both organisations. In July 1999 Plymouth Fisheries will make history by becoming the first UK fish market to use a unique electronic auction system. This project, financed by PTA, will eventually enable buyers across Europe to buy fish direct from Plymouth. I am optimistic that this ground breaking development will create excellent returns by increasing market share.

Future Prospects

Virtually all the property owned by the Company has now been developed but nevertheless there is still property in the harbour area which would benefit from development as well as enhancing the whole harbour area still further.

Our strategy now is to maximise the development potential of land around the harbour and waterfront and to expand further our range of trading activities in the leisure field. However this plan can only be substantially progressed through acquisition. Ironically, our success with the regeneration project has had a marked effect on land values in the immediate neighbourhood but, as reported in my interim statement, we have acquired one important site close to the edge of the harbour.

In order to further our strategic plan the Company is in negotiation with a public authority to develop other waterfront and adjacent sites. These are exciting possibilities which, if achieved, will enable us to work together to maximise grant aid, providing tremendous opportunities to boost tourism, create considerable employment prospects and, not least, substantially improve the waterfront and its immediate environs. These negotiations are lengthy and complex but are being conducted in a positive spirit on both sides. Assuming all goes well it will still be some time before they have any favourable effect on either profits or the balance sheet, but the potential is very considerable.



Conclusion

The benefits of the regeneration scheme are now clear to see both in the strength of the business being generated and the visual transformation, which has made Sutton Harbour a showpiece for Plymouth. The challenge for the Company now is to build on this success and expand our activities on to a wider field. I am confident that we have the strength and expertise in our management team to achieve this objective and to deliver continuing value to our Shareholders.

M. Ellen Winser,
Chairman.

28 May 1999

DIRECTORS' REPORT

The Directors present their Report together with the Group Financial Statements for the year ended 31 March 1999.

RESULTS AND DIVIDENDS

The Group's profit for the year on ordinary activities before taxation amounted to £733,000 (1998 : £728,000). Detailed results are set out on page 12.

An interim dividend of 1.4p (1998 : 1.3 p) net per ordinary share was paid on 6 April 1999, and the Directors recommend a final dividend of 2.4p (1998 : 2.35p) net per ordinary share representing 3.8p (1998 : 3.65p) for the year. This leaves £101,000 (1998 : £364,000) to be transferred to reserves.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Group continues to be the provision of facilities for harbour users.

This report should be read in conjunction with the Statement from your Chairman, which provides details of the Group's activities, its financial performance and an indication of future developments.

CREDITORS' PAYMENTS

The Group's policy on payment of suppliers is to pay on the 25th day of the month following receipt of invoice unless there is an agreement to the contrary or the invoice is disputed.

At 31 March 1999, the Group had an average of 30 days purchases outstanding in trade creditors.

YEAR 2000 COMPLIANCE

Many computer systems which express dates using only the last two digits of the year may malfunction due to the date change of the Year 2000. This risk to the business relates not only to the Group's computer systems, but also to some degree on those of the Group's customers and suppliers.

The Group has reviewed its computer systems for the impact of the Year 2000 date change. An impact analysis has been prepared to identify the major risks, and action plans have been developed to address these in advance of critical dates. The plans give priority to the systems which could have a significant financial or legal impact if they were to fail.

The main system affected is the accounting and management information system, which has already been up-dated and is Year 2000 compliant.

The Group has requested from major customers, suppliers and other trading partners with whom information is exchanged electronically, confirmation that their relevant systems are Year 2000 compliant.

The issue is complex, and no business can guarantee that there will be no Year 2000 problems. However, the Board believes that its plans and the resources allocated are appropriate and adequate to address the issue.

External costs to address the issue are not expected to exceed £10,000.

CHARITABLE DONATIONS

During the year the Group made charitable contributions totalling £1,240 (1998 : £1,000).

The Group believes that it is an important part of its role to support the local community and it supports the Fishermen's Day and Barbican Arts Festival. Additionally, the Group encourages guided school children visits to the new Fish Market, lock and harbour area.

There were no political donations.

DIRECTORS' REPORT

MAJOR SHAREHOLDINGS

As at 28 May 1999 the Company's register of shareholdings showed the following interests in 3% or more of the Company's share capital:

	%	Ordinary shares
Mr. D. McCauley/Rotolok (Holdings) Limited	25.65	2,559,340
R.C. Greig Nominees Limited	4.73	471,565
Mr. P. C. Stedman	3.50	349,560
Mr. T. R. and Mrs. M.E. Winser	5.72	570,800

The Nominee holdings are divided amongst various beneficial holders, none of whom holds in excess of 3%. The Company is not aware of any other interest in its share capital in excess of 3%.

DIRECTORS AND THEIR INTERESTS

M. Ellen Winser	Aged 56. Appointed a Director in June 1998 and Chairman in August 1998. She was a Partner in James Capel & Co. and London's first woman stockbroker partner. She is the Non-Executive Chairman of River and Mercantile Asset Management Limited, a Non-Executive Director of River and Mercantile First UK Investment Trust plc and a Director of a number of other companies.
Duncan B. Godefroy	Aged 59. Joined the Group in 1962, a Director since 1966. He became Managing Director of Sutton Harbour Company in 1973 and of the Group in 1989. He is a Justice of the Peace and a member of the Chartered Institute of Transport.
Nigel J. Godefroy	Aged 34. Appointed Executive Director in November 1996. He is a Chartered Accountant and has a degree in Business Studies. He has been with the Group since 1992.
Malcolm L. Iley	Aged 49. A Director since 1991. He is a Partner and head of the Public Sector department of Nabarro Nathanson, Solicitors, London. He is a full Board member of the British Urban Regeneration Association (BURA).
Peter A. Langmaid	Aged 64. A Director since 1993. He is a Chartered Accountant and was the Senior Partner of Bromhead & Co., Chartered Accountants, Plymouth. He is also a Non-Executive Director of Marine Projects (Plymouth) Limited and a Director of a number of other companies.
Raymond Wood	Aged 62. A Director since 1993. He is a local businessman with strong property connections.

DIRECTORS' REPORT

The interests of the Directors, all of which are beneficially held, including family interests, in the ordinary shares of the Company at 31 March 1999 are set out below. There have been no changes in these interests between 1 April 1999 and 28 May 1999.

	1999	1998
M. Ellen Winser	570,800	570,800
Duncan B. Godefroy	89,544	89,544
Nigel J. Godefroy	8,300	4,600
Malcolm L. Iley	16,100	16,100
Peter A. Langmaid	164,600	164,600
Raymond Wood	28,744	28,744

In addition to the Directors listed above, Bryan H. Foster, Jonathan H. Trafford and Thomas R. Winser served as Directors until 26 August 1998 when they retired.

In accordance with the Company's Articles of Association Raymond Wood and Duncan B. Godefroy retire by rotation at this year's Annual General Meeting and being eligible offer themselves for re-election.

AUDITORS
A resolution to re-appoint Grant Thornton, who have indicated their willingness to continue in office, will be proposed at the forthcoming Annual General Meeting.

By Order of the Board,
Duncan B. Godefroy.
Secretary.

28 May 1999

CORPORATE GOVERNANCE

Compliance Statement

The rules of the London Stock Exchange do not require companies that have securities trading on the Alternative Investment Market to comply with the post Hampel disclosures nor did they previously require AIM companies to comply with the Cadbury or Greenbury recommendations. Nevertheless throughout the year the Company has complied with the spirit of sound Corporate Governance.

Statement by the Directors on Compliance with the Provisions of the Combined Code

The Group has complied with the provisions set out in Section 1 of the Combined Code throughout the year except that a senior independent Non-Executive Director has not been named. The Chairmen of the Audit, Remuneration and Nomination committees will be available to answer questions at this year's AGM.

As guidance is not yet available for Directors on the wider aspects of internal control relating to operational and compliance controls and risk management as required by provision D 2.1, the Board will continue to review and report on the effectiveness of the Group's system of internal financial controls.

The Board

The Board currently comprises four independent Non-Executive Directors and two Executive Directors and is responsible for the proper management of the Group. The Board meets monthly reviewing trading performance, ensuring adequate funding, setting and monitoring strategy, examining acquisition possibilities and reporting to Shareholders. The Board has a formal schedule of matters specifically reserved to it for decision. The roles of Chairman and Managing Director are separate. No senior independent Non-Executive Director has been named as it is considered inappropriate with such a small Board.

Committees

Remuneration Committee

The Remuneration Committee was chaired by Jonathan Trafford until his retirement in August 1998. He was replaced by Malcolm Iley and its other members are Ellen Winser and Peter Langmaid. The committee determines the employment terms and total remuneration of the Executive Directors. The Report on Remuneration is set out on page 9. The Board itself determines the remuneration of the Non-Executive Directors.

Audit Committee

The Audit Committee is chaired by Peter Langmaid and its members are Ellen Winser and Raymond Wood. The committee has written terms of reference and provides a forum for reporting by the Group's auditors. Meetings are also attended, by invitation, by one or both of the Executive Directors.

The Audit Committee is responsible for a wide range of financial matters including the half year and annual accounts before submission to the Board and monitoring the controls which are in force to ensure the integrity of the financial information reported to Shareholders.

Nomination Committee

The Nomination Committee was chaired by Bryan Foster until his retirement in August 1998. He has been replaced by Ellen Winser. Other members are Malcolm Iley and Duncan Godefroy. The committee is responsible for proposing candidates to the Board having regard to its balance and structure.

Relations with Shareholders

The Chairman's statement on pages 2 to 3 includes a detailed review of the business and future developments. Shareholders are encouraged to pose questions of the Board at any time of the year and the Board uses the Annual General Meeting to communicate with all investors and welcomes their participation.

CORPORATE GOVERNANCE

Internal Financial Control
The Directors are responsible for establishing and maintaining the Group's internal financial control systems. Internal control systems are designed to meet the particular needs of the Group and the risk to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which the Directors have established with a view to providing effective internal financial controls are as follows:

Corporate Accounting and Procedures
There are clearly defined authority limits and controls over acquisitions, disposals and risk management.

Quality and Integrity of Personnel
The integrity and competence of personnel is ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment.

Identification of Business Risks
The Board is responsible for identifying the major business risks faced by the Group and for determining the appropriate course of action to manage these risks.

Financial Reporting
The Group has a comprehensive system for reporting financial results to the Board.

Investment Appraisal
Capital expenditure is regulated by authorisation levels. For expenditure beyond specified levels detailed written proposals are submitted to the Board. Reviews are carried out after the acquisition is complete and any major overruns are investigated. Due diligence work is carried out if a business is to be acquired.

Audit Committee
The Audit Committee monitors, through reports to it, the controls that are in force and any perceived gaps in the control environment. The Audit Committee also considers and determines relevant action in respect of any control issue raised by external Auditors.

Going Concern
After making enquiries the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

By Order of the Board,
Duncan B. Godefroy.
Secretary.

28 May 1999

REPORT ON REMUNERATION

Remuneration
The Group's Remuneration Committee is chaired by Malcolm Iley and its other members are Ellen Winser and Peter Langmaid. The Committee makes recommendations to the Board on an overall remuneration package for Executive Directors in order to attract, retain and motivate high quality Executives capable of achieving the Group's objectives. The package consists of basic salary, benefits, pensions and a performance related bonus.

Under the terms of their contracts the Executive Directors are required to devote all their energies to the furtherance of the Group's objectives and are not empowered to accept any other remunerative appointments.

Individual components of the remuneration package are:

Basic Salary and Benefits
The basic salary and benefits for each Director are reviewed annually and take into account the performance of the individual and information from independent sources on the salary levels for similar employment. Benefits principally comprise car and private health care. The Executive Directors are members of the Group's defined contribution pension scheme.

Share Options
Neither the Executive Directors nor the Non-Executive Directors are entitled to any share options.

Contracts
On 1 June 1994 the Group entered into a revised service agreement with Duncan Godefroy. Under this agreement he is employed as full time Managing Director for a period of three years from the date of the agreement, such three years to be extended automatically on the anniversary of the agreement unless notice to the contrary has been given. Notice was given on the 1 April 1999 to reduce this three year period to two years. The Directors consider that any shorter term would not be in the Group's interest.

On 6 December 1996 the Group entered into a service contract with Nigel Godefroy. Under this agreement he was employed as a full time Executive Director for a fixed term of two years. With effect from 8 July 1998 this fixed term contract was replaced by a one year rolling contract.

Fees
The fees for Non-Executive Directors are determined by the Board following proposals from the Remuneration Committee. Non-Executive Directors do not have a contract of service and are not eligible to join the pension scheme.

Directors' Remuneration
Directors' remuneration for the year is shown in note 4 on page 20. Such disclosures constitute part of this report.

On behalf of the Board,
Malcolm L. Iley,
Director.

28 May 1999

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 period.* In preparing those Financial Statements the Directors are required to:

- Select suitable accounting policies and then apply them consistently;

- Make judgements and estimates that are reasonable and prudent;

- State whether applicable accounting standards have been followed, subject to any material *departures disclosed and explained in the Financial Statements.*

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT

To the Members of Sutton Harbour Holdings plc

We have audited the Financial Statements on pages 12 to 30 which have been prepared under the accounting policies set out on pages 16 to 18.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS
The Directors are responsible for preparing the Annual Report, including as described on page 10, the Financial Statements.

Our responsibilities, as independent Auditors, are established by statute, the Auditing Practices Board, and by our profession's ethical guidance.

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. We also report to you if, in our opinion, the Directors' Report is not consistent with the Financial Statements, if the Group 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 Group is not disclosed.

We read the other information contained in the Annual Report including the Corporate Governance Statement, and consider whether it is consistent with the audited Financial Statements. We consider the implications of our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. We are not required to form an opinion on the effectiveness of the Group's corporate governance procedures or its internal controls.

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, 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 affairs of the Company and the Group at 31 March 1999 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton

GRANT THORNTON,
Registered Auditors,
Chartered Accountants.

Cobourg House,
Mayflower Street,
Plymouth. PL1 1LG

28 May 1999

GROUP PROFIT & LOSS ACCOUNT

For the year ended 31 March 1999

	Note	1999 £000	1998 £000
Turnover	2	4,004	3,202
Cost of Sales	2	2,258	1,787
Gross Profit		1,746	1,415
Net Operating Expenses	2	731	556
Operating Profit		1,015	859
Interest Payable	5	282	131
Profit on Ordinary Activities Before Taxation	3	733	728
Taxation on Profit on Ordinary Activities			
Current Year Taxation	6	-	-
Write Off of ACT Debtor	6	253	-
Profit on Ordinary Activities After Taxation and Attributable to Shareholders		480	728
Dividends	8	379	364
Retained Profit for the Year		£101	£364
Earnings per Share	9	4.81p	7.29p
Alternative Earnings per Share	9	7.34p	7.29p

A Statement of the Movement on Reserves is shown in note 21 on page 29.

BALANCE SHEETS

31 March 1999

	Note	THE GROUP 1999 £000	THE GROUP 1998 £000	THE COMPANY 1999 £000	THE COMPANY 1998 £000
Fixed Assets					
Intangible Assets	10	27	-	-	-
Tangible Assets	11	23,878	23,198	-	-
Investments	12	63	43	172	176
		23,968	23,241	172	176
Current Assets					
Stock	13	605	670	-	-
Debtors (due within one year)	14	932	896	6,721	6,568
(due after more than one year)	15	-	253	-	-
Cash at Bank and in Hand		2	2	5	5
		1,539	1,821	6,726	6,573
Creditors					
(due within one year)	16	(5,494)	(4,813)	(431)	(284)
Net Current (Liabilities)/Assets		(3,955)	(2,992)	6,295	6,289
Total Assets less Current Liabilities		20,013	20,249	6,467	6,465
Deferred Income					
(due after more than one year)	17	(285)	(348)	-	-
		£19,728	£19,901	£6,467	£6,465
Capital and Reserves					
Called Up Share Capital	19	2,495	2,495	2,495	2,495
Share Premium Account	21	3,981	3,981	3,838	3,838
Revaluation Reserve	21	8,198	4,727	-	-
Investment Property Revaluation Reserve	21	3,334	-	-	-
Merger Reserve		108	108	-	-
Capital Reserve (Grants)	21	-	7,079	-	-
Profit and Loss Account	21	1,612	1,511	134	132
Equity Shareholders' Funds	20	£19,728	£19,901	£6,467	£6,465

The Financial Statements were approved by the Board of Directors on 28 May 1999.

M. Ellen Winser.
Chairman.

GROUP STATEMENT OF RECOGNISED GAINS & LOSSES

For the year ended 31 March 1999

	1999 £000	1998 £000
Grants and contributions for North Quay House, new Fish Market and old Barbican Fish Market developments	58	15
Net deficit on revaluation of properties	(332)	-
Realisation of Revaluation Reserve on sale of Tangible Fixed Assets	-	70
Reported Profits in the Group Companies	480	728
Total Recognised Gains and Losses for the Year	£206	£813

GROUP CASH FLOW STATEMENT

For the year ended 31 March 1999

	Note	1999 £000	1998 £000
Reconciliation of Operating Profit to Net Cash inflow from Operating Activities			
Operating Profit		1,015	859
Depreciation Charges		90	85
Amortisation of Grants		(25)	(32)
Amortisation of Intangible Fixed Assets		1	-
Profit on sale of Tangible Fixed Assets		(4)	(24)
Profit on sale of Investments		(9)	-
Decrease/(Increase) in Stock		65	(410)
(Increase) in Debtors		(36)	(233)
Increase in Creditors		218	35
Net Cash inflow from Operating Activities		£1,315	£280
CASH FLOW STATEMENT			
Net Cash inflow from Operating Activities		1,315	280
Returns on Investments and Servicing of Finance	26.1	(298)	(216)
Taxation		(89)	(85)
Capital Expenditure	26.1	(1,121)	(700)
Dividends Paid		(235)	(349)
Financing	26.1	26	15
(Decrease) in Cash in the Year		(£402)	(£1,055)
Reconciliation of Net Cash Flow to Movement in Net Debt	26.2		
(Increase) in Net Debt in the Year		(402)	(1,055)
Net Debt at 1 April 1998/1 April 1997		(3,298)	(2,243)
Net Debt at 31 March 1999/31 March 1998		(£3,700)	(£3,298)

NOTES TO ACCOUNTS

For the year ended 31 March 1999

1. GROUP ACCOUNTING POLICIES

a) Accounting Basis

The Accounts are prepared under the historical cost convention modified to include the revaluation of certain freehold properties and investments. The Accounts are prepared in accordance with applicable accounting standards except where, in the opinion of the Directors, departure is necessary in order to show a true and fair view. The explanation of this departure is given in paragraph f) below. The Accounting policies are consistent with those applied in the previous year with the exception of paragraphs d) and i) below.

b) Consolidated Accounts

The Accounts incorporate the results of Sutton Harbour Holdings plc and its subsidiary undertakings. The Accounts have been consolidated in accordance with Financial Reporting Standard 6, Acquisitions and Mergers, and advantage has been taken of the merger relief offered by Section 131 of the Companies Act 1985. No Profit and Loss Account is presented for Sutton Harbour Holdings plc as permitted by Section 230 of the Companies Act 1985.

c) Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the Group's ordinary activities, stated net of value added tax. Transactions between Group companies are excluded.

d) Goodwill

Prior to 31 March 1998, goodwill arising on acquisitions was set off directly against reserves. Goodwill previously eliminated against reserves has not been reinstated on implementation of Financial Reporting Standard 10, Goodwill and Intangible Assets.

Positive goodwill arising on acquisitions since 1 April 1998 is capitalised, classified as an intangible asset in the consolidated Balance Sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

e) Valuation of Freehold Properties

The Group's freehold properties can be divided into two categories:

i. Properties that are mainly owner occupied, or that are an integral part of the Group's harbour operations.

ii. Investment properties, both within and outside the harbour area, held for investment.

On 31 March 1999, with the regeneration scheme complete, the Group transferred all of its properties, other than in i.) above to the investment property category.

Freehold properties were professionally valued in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors by Stratton Creber Commercial, external Surveyors, at 31 March 1999 on the following bases:

i. Properties that are mainly owner occupied for the purposes of the Group's harbour operations - existing use value with the addition of notional directly attributable acquisition costs.

ii. Specialised properties that are an integral part of the Group's harbour operations (Fish Market, lock and quays) - depreciated replacement cost.

iii. Properties held as investment (including investment properties held for development) - open market value.

The revaluation has been incorporated in the accounts for the year ended 31 March 1999. The Directors will continue to undertake an external property revaluation every three years unless, in their opinion, the expected effect on the Accounts is likely to be insignificant.

f) Investment Properties
The Group's investment properties are accounted for in accordance with Statement of Standard Accounting Practice 19, Accounting for Investment Properties. Such properties are included in the consolidated Balance Sheet, as valued by Stratton Creber Commercial with the temporary surplus or deficit arising from the revaluation being transferred to the Investment Property Revaluation Reserve. Any deficit which is expected to be permanent is recognised in the Profit and Loss Account for the year. The Directors will continue to revalue the investment properties annually.

Although the Companies Act would normally require the systematic annual depreciation of freehold property, the Directors believe the policy of not providing depreciation is necessary in order for the Accounts to give a true and fair view, since the current value of investment properties, which are held for investment and not consumption, and changes to that current value, are of prime importance rather than the calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been included cannot be separately identified or quantified.

g) Freehold Properties held for Development
Freehold properties held for development are included in the consolidated Balance Sheet, as valued by Stratton Creber Commercial at 31 March 1999, as a partly completed project.

When the time taken to bring a freehold property into use exceeds twelve months, the finance costs incurred in funding land and construction have been capitalised. For this purpose the borrowing rate applied is that specifically to fund the development. In the case of bank borrowings this is the weighted average cost of debt capital.

Where the property will generate income, finance costs are capitalised during development until the earliest of two years after practical completion, or

i. in the case of assets which will be held as investment properties, the date when a property becomes substantially let and income producing; or

ii. in the case of harbour properties the date when income exceeds outgoings, including development interest.

In the case of developments which generate no direct income, interest is capitalised until each stage of the development is substantially complete.

h) Depreciation
Depreciation is calculated to write off the cost of tangible fixed assets over their estimated useful lives, at the following rates per annum:

Floating Plant and Machinery	15% reducing balance
Fishing Vessels	25 years straight line
Dry Plant and Machinery	20% reducing balance
Fixtures and Fittings	10% straight line
Motor Vehicles	25% reducing balance

Properties that are mainly owner occupied and specialised properties are not depreciated. The useful economic lives of these properties are estimated to be greater than 50 years. The Directors consider that the lives of such freehold properties and their residual values (based on prices prevailing at the time of acquisition or subsequent valuation) are such that their depreciation is immaterial. In the case of the lock, major maintenance and renewal are the defined responsibilities of the Environment Agency. To ensure that the carrying amount of these properties can be supported, the carrying amounts are subject to annual impairment reviews in accordance with Financial Reporting Standard 11, Impairment of Fixed Assets.

The non provision of depreciation of freehold property combined with annual impairment reviews is in accordance with Financial Reporting Standard 15, Tangible Fixed Assets.

i) Government Grants
The Group has received grants and contributions towards the regeneration of the harbour, specifically North Quay House, the new Fish Market, old Barbican Fish Market, the lock and quay walls. These grants and contributions were previously credited to a separate non-distributable Capital Reserve. Now that the regeneration scheme is complete and the grants and contributions received vest absolutely with the Group, the Capital Reserve has been released to the Revaluation Reserve following the valuation by Stratton Creber Commercial.

Where the grants and contributions have been received towards plant and machinery, they are treated as a deferred credit in deferred income within or after one year in the consolidated Balance Sheet and written off over the estimated useful life of the assets.

j) Stock and Work in Progress
Stock and work in progress which comprise goods for re-sale and tools of trade are valued at the lower of cost and net realisable value. Cost is represented by direct materials purchased on a First In First Out basis plus labour together with attributable amounts of fixed and variable overheads incurred in bringing each product and service to its present location and condition. Net realisable value is defined as estimated selling price less costs of disposal or an estimated benefit derived from further use.

k) Operating Leases
Rentals payable under operating leases are charged in the Profit and Loss Account on a straight line basis over the lease term.

l) Deferred Taxation
Provision for deferred taxation is only made for timing differences between the treatment of certain items for taxation and accounting purposes where it can reasonably be seen that such deferred taxation will become payable in the future. In the case of freehold properties deferred taxation is only provided on the excess of capital allowances over depreciation where material and when it is anticipated that the asset will be sold. In October 1993 the Group sold and repurchased the lock realising a capital gain which was held over into the said repurchase. Although the capital gain will crystallise in October 2003, or earlier if the lock is sold or ceases to be used, the Directors intend to roll over the gain by reinvesting £2,750,000 in a non-depreciating asset or assets to achieve full roll over of the gain of which £2,505,000 has already been invested.

m) Pensions
The Group operates a defined contribution pension scheme and a group personal pension scheme for its employees whereby contributions are charged to the Profit and Loss Account as they become payable in accordance with the rules of the scheme.

NOTES TO ACCOUNTS

For the year ended 31 March 1999

2. TURNOVER, COST OF SALES AND NET OPERATING EXPENSES	1999 £000	1998 £000
Turnover		
Dues - Ships	27	27
- Goods	203	171
Services and Facilities	2,132	1,887
Rents	790	635
Engineering Repairs and Yard Facilities	852	482
	£4,004	£3,202
Cost of Sales	£2,258	£1,787
Net Operating Expenses		
Engineering Repairs and Yard Facilities	91	85
Operating Expenses	640	471
	£731	£556

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1999 £000	1998 £000
Profit on Ordinary Activities Before Taxation is stated after charging (crediting):		
Auditors Remuneration: Audit	17	12
: Other	9	7
Profit on sale of Tangible Fixed Assets	(4)	(24)
Depreciation of Tangible Fixed Assets	90	85
Amortisation of Grants on Tangible Fixed Assets	(25)	(32)
Profit on sale of Investments	(9)	-
Amortisation of Intangible Fixed Assets	1	-
Operating Lease Rentals	30	10

Employment Costs (excluding Non-Executive Directors)	1999 £000	1998 £000
Wages and Salaries	801	670
Social Security Costs	75	62
Pension Costs	52	50
	£928	£782

The average number of people employed by the Group (excluding Non-Executive Directors) during the year is:

	1999	1998
Administration	12	11
Harbour Operation	8	7
Fisheries	10	10
Marine/Leisure	25	20
	55	48

4. DIRECTORS' REMUNERATION

The total remuneration of the Directors of the Group is as follows:

	1999 £000	1998 £000
Fees	46	53
Other Emoluments	134	122
Pension Contributions	17	14
	£197	£189

The remuneration excluding pension contributions of the individual Directors is as follows:

	Directors' Salaries £000	Taxable Benefits £000	Directors' Fees £000	Total 1999 £000	Total 1998 £000
M. Ellen Winser	-	-	11	11	-
Duncan B. Godefroy	76	10	-	86	81
Nigel J. Godefroy	40	8	-	48	41
Malcolm L. Iley	-	-	7	7	5
Peter A. Langmaid	-	-	7	7	5
Raymond Wood	-	-	7	7	7
Bryan H. Foster (retired August 1998)	-	-	8	8	18
Peter C. Stedman (retired August 1997)	-	-	-	-	8
Jonathan H. Trafford (retired August 1998)	-	-	3	3	5
Thomas R. Winser (retired August 1998)	-	-	3	3	5
	£116	£18	£46	£180	£175

Duncan Godefroy received a share of Group profits of £7,560 (1998: £4,000). The pension contributions in respect of Duncan Godefroy were £12,888 (1998: £10,000) and £4,050 (1998: £4,000) in respect of Nigel Godefroy.

5. NET INTEREST

	1999 £000	1998 £000
Interest Payable:		
Bank Overdraft	301	229
Less: Interest Capitalised on Freehold Property	17	92
	284	137
Interest Receivable and Similar Income	(2)	(6)
	£282	£131

The interest capitalised during the year related to the following properties:

	1999 £000	1998 £000
North Quay House	-	61
Old Barbican Fish Market and development land	17	31
	£17	£92

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1999 £000	1998 £000
Write Off of ACT debtor	£253	£-

In previous years, Advance Corporation Tax paid which related to the tax credit on dividends paid was carried forward as a debtor to be offset against future corporation tax payable. The introduction of shadow ACT in 1998 will result in a delay to the potential recovery of ACT and therefore it is considered prudent to write off the total ACT debtor brought forward on 1 April 1998 against this year's profits.

ACT written off is potentially recoverable in the longer term.

No taxation charge on the Group's profits for the year is provided due to the availability of losses brought forward from previous years.

The Group has available trading losses of £1,625,000 (1998 : £1,348,000) to carry forward at 31 March 1999. These resulted in part from the sale and repurchase in 1993 of the lock for £2,750,000. The Group claimed enhanced capital allowances of 40% on the repurchase resulting in a large trading loss and taxation refund of £94,000 for the year to 31 March 1994. The capital gain arising from the sale of the lock was held over into the repurchase. Additionally, the Group has claimed capital allowances on subsequent freehold property developments. These losses have been carried forward and offset against taxable profits for the years ended 31 March 1995, 1996, 1997, 1998 and 1999 resulting in no taxation being payable for these years.

As it is considered that no liability is likely to arise in the foreseeable future in respect of taxation deferred by the excess of capital allowances over depreciation, no provision has been made. However, taxation may become payable in the foreseeable future on rental profits, as the trading losses carried forward cannot be offset against rental profits.

No deferred taxation has been provided on the revaluation surplus on freehold land and buildings revalued on 31 March 1999 as it is not anticipated that any buildings giving rise to a material gain will be disposed of in the foreseeable future. No deferred taxation is provided on the capital gain which may crystallise in respect of the lock in October 2003 (or earlier if the lock is sold or ceases to be used) as the Directors intend to roll over the gain by reinvesting £2,750,000 in a non-depreciating asset.

The effect of deferred taxation on the Profit and Loss Account is as follows:

	PROVIDED		NOT PROVIDED	
	1999	1998	1999	1998
	£000	£000	£000	£000
Capital Allowances in advance of Depreciation	-	-	144	23
Taxation Losses	-	-	(70)	147
Other Timing Differences	-	-	114	20
Rolled Over Capital Gains	-	-	(23)	(45)
	-	-	165	145
Less: Advance Corporation Tax	-	-	59	87
	£-	£-	£106	£58

7. PROFIT/LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The consolidated profit for the year includes a profit of £2,000 (1998 : loss £4,000) in respect of the accounts of the parent company. This included a dividend from a subsidiary company of £379,000 (1998 : £364,000).

	1999	1998
	£000	£000
8. DIVIDENDS		
Ordinary shares		
Interim Paid 1.4p net per share (1998 : 1.3p)	140	130
Final Proposed 2.4p net per share (1998 : 2.35p)	239	234
	£379	£364

9. EARNINGS PER SHARE

	1999	1998
Profit for the year attributable to Ordinary Shareholders (£000)	£480	£728
Weighted average number of Ordinary shares (000)	9,980	9,980
Earnings per Share	4.81p	7.29p

Alternative Earnings per Share

	1999	1998
Profit before taxation for the year attributable to Ordinary Shareholders (£000)	£733	£728
Weighted average number of Ordinary shares (000)	9,980	9,980
Alternative Earnings per Share	7.34p	7.29p

The Alternative Earnings per Share calculation is stated gross of the non-recurring ACT write off of £253,000.

10. INTANGIBLE ASSETS
THE GROUP

	Goodwill £000
Cost	
At 1 April 1998	-
Increase during the year	28
At 31 March 1999	£28
Amortisation	
At 1 April 1998	-
Provided during the year	1
At 31 March 1999	£1
Net Book Value	
At 31 March 1999	£27
At 31 March 1998	£-

On 1 February 1999 the Group acquired the business of Torbay Boating Centre for £113,000 including goodwill of £28,000, fixed assets of £25,000 and stock of £60,000. The effect on the Profit and Loss Account for the year is not material.

Goodwill arising on the acquisition on 1 February 1999 of Torbay Boating Centre is being amortised evenly over the Directors' estimate of its useful economic life of 10 years.

11. TANGIBLE ASSETS

THE GROUP

	Freehold Property £000	Freehold Investment Property £000	Plant and Machinery £000	Fixtures and Fittings £000	Motor Vehicles £000	Total £000
Cost or Valuation						
At 1 April 1998	22,767	-	632	238	94	23,731
Additions	605	-	426	74	2	1,107
Revaluation	961	(1,293)	-	-	-	(332)
Transfer	(9,173)	9,173	-	-	-	-
Disposals	-	-	(13)	-	-	(13)
At 31 March 1999	£15,160	£7,880	£1,045	£312	£96	£24,493
Depreciation						
At 1 April 1998	-	-	364	100	69	533
Charge for the year	-	-	61	26	3	90
Disposals	-	-	(8)	-	-	(8)
At 31 March 1999	£-	£-	£417	£126	£72	£615
Net Book Value						
At 31 March 1999	£15,160	£7,880	£628	£186	£24	£23,878
At 31 March 1998	£22,767	£-	£268	£138	£25	£23,198

Freehold properties were professionally valued in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors by Stratton Creber Commercial, external Surveyors on 31 March 1999. Their value was £23,040,000 comprising:

	£000
i. Existing Use Value	
Properties mainly owner occupied for the purposes of the business (including notional directly attributable acquisition costs of £239,000)	4,630
ii. Open Market Value	
Properties held as investments	7,600
Properties held for development	280
iii. Depreciated Replacement Cost	
Specialised properties mainly occupied for the business	10,530
	£23,040

The historical cost of the properties net of grant included in the valuation was £11,508,000.

The cumulative amount of capitalised interest included in the above historical cost of fixed assets is:

	£000
At 1 April 1998	1,221
Capitalised during the year	17
At 31 March 1999	£1,238

12. INVESTMENTS

THE GROUP	Shares in Group Investments £000	Listed Investments £000	Other Investments £000	Total £000
Cost				
At 1 April 1998	-	4	39	43
Additions	-	-	24	24
Disposals	-	(4)	-	(4)
At 31 March 1999	£-	£-	£63	£63

THE COMPANY	Shares in Group Investments £000	Listed Investments £000	Other Investments £000	Total £000
Cost				
At 1 April 1998	172	4	-	176
Disposals	-	(4)	-	(4)
At 31 March 1999	£172	£-	£-	£172

At 31 March 1999 the aggregate market value of the Listed Investments included in these Accounts at cost was £ Nil (1998 : £11,742). The Other Investments are various paintings and antiques held in the Group's possession.
The Directors value the investments in subsidiary undertakings at not less than the net book value in the Accounts.

Details of the investments in which the Group or the Company holds more than 10% of the nominal value of any class of share capital are as follows:

Company Name	Country of Registration	Holding	Proportion of voting rights and shares held	Nature of Business
Sutton Harbour Company	England & Wales	Ordinary shares	100%	Harbour Authority
Plymouth Fisheries Limited	England & Wales	Ordinary shares	100%	Fishing Vessel Operator
Sutton Harbour Services Limited	England & Wales	Ordinary shares	100%	Boatyard and Marine Leisure Retail
Sutton Harbour Development Limited	England & Wales	Ordinary shares	100%	Public House

On 1 April 1999 the trading activities of Plymouth Fisheries Limited and Sutton Harbour Development Limited have been incorporated into Sutton Harbour Services Limited.

	THE GROUP		THE COMPANY	
	1999	1998	1999	1998
	£000	£000	£000	£000
13. STOCK				
Stores and Materials	79	77	-	-
Work in Progress	81	334	-	-
Goods for Resale	445	259	-	-
	£605	£670	£-	£-

The difference between purchase price or production costs of stock and their replacement cost is not significant.

	THE GROUP		THE COMPANY	
	1999	1998	1999	1998
	£000	£000	£000	£000
14. DEBTORS (due within one year)				
Trade Debtors	724	694	-	-
Amounts owed by Subsidiary Undertakings	-	-	6,721	6,564
Other Debtors	56	93	-	-
Prepayments and Accrued Income	152	109	-	4
	£932	£896	£6,721	£6,568

	THE GROUP		THE COMPANY	
	1999	1998	1999	1998
	£000	£000	£000	£000
15. DEBTORS (due after more than one year)				
Advance Corporation Tax recoverable	£-	£253	£-	£-

	THE GROUP		THE COMPANY	
	1999	1998	1999	1998
	£000	£000	£000	£000
16. CREDITORS (due within one year)				
Bank Overdraft	3,702	3,300	49	45
Trade Creditors	479	385	-	-
Taxation and Social Security Costs	87	71	-	-
Other Creditors	178	165	3	4
Deferred Income	669	568	-	-
Proposed Dividend	379	235	379	235
Advance Corporation Tax payable	-	89	-	-
	£5,494	£4,813	£431	£284

The Group uses financial instruments comprising bank overdraft, cash and various items such as trade debtors and trade creditors to raise finance for the Group's operations.

The bank overdraft is secured by fixed and floating charges over the assets of the Group. The benchmark rate for determining interest on the bank overdraft is LIBOR. The Group has undrawn committed borrowing facilities at 31 March 1999 of £298,000 expiring within one year.

The main risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Board closely manages the interest rate risk by regularly considering interest rate management opportunities as well as the structure of its borrowings. The Group manages its liquidity risk by ensuring flexibility is achieved by the bank overdraft facility.

	THE GROUP		THE COMPANY	
	1999	1998	1999	1998
	£000	£000	£000	£000
17. DEFERRED INCOME (due after more than one year)				
Rental Received in Advance	203	246	-	-
Grant Deferred Credit	82	102	-	-
	£285	£348	£-	£-

18. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation provided in the Balance Sheets and amounts not provided are as follows:

THE GROUP

	PROVIDED		NOT PROVIDED	
	1999	1998	1999	1998
	£000	£000	£000	£000
Capital Allowances in Advance of Depreciation	-	-	1,269	1,125
Other Timing Differences	-		-	(114)
Taxation Losses	-	-	(488)	(418)
Rolled Over Capital Gains	-	-	679	702
	-	-	1,460	1,295
Less: Advance Corporation Tax	-	-	378	319
	£-	£-	£1,082	£976

As it is considered that no liability is likely to arise in the foreseeable future in respect of taxation deferred by the excess of capital allowances over depreciation, no provision has been made.

No deferred taxation has been provided on the freehold land and buildings revalued on 31 March 1999 as it is not anticipated that any buildings giving rise to a material gain will be disposed of in the foreseeable future.

THE COMPANY

There is no provided or unprovided deferred taxation in respect of the Company.

19. SHARE CAPITAL	1999 £000	1998 £000
Authorised:		
Ordinary shares of 25p each	£10,000	£10,000
Allotted, Called Up and Fully Paid:		
Ordinary shares of 25p each	£2,495	£2,495

20. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS	1999 £000	1998 £000
Reported Profit in Group Companies for the Year	480	728
Less: Dividends	379	364
Retained Profit for the Year	101	364
Goodwill written off on acquisition	-	(15)
Other recognised gains	58	15
Revaluation Reserve adjustment	-	556
Net deficit on revaluation of properties	(332)	-
Opening Shareholders' funds	19,901	18,981
Closing Shareholders' funds	£19,728	£19,901

21. RESERVES

THE GROUP	Share Premium Account £000	Revaluation Reserve £000	Investment Property Revaluation Reserve £000	Capital Reserve (Grants) £000	Profit and Loss Account £000
At 1 April 1998	£3,981	£4,727	£-	£7,079	£1,511
Profit for the year	-	-	-	-	480
Dividends	-	-	-	-	(379)
Government Grants	-	-	-	58	-
Transfer	-	(3,274)	3,274	-	-
Transfer of Government Grants		5,784	1,353	(7,137)	-
Surplus on revaluation of Group Properties	-	961	-	-	-
Deficit on revaluation of certain investment properties	-	-	(1,293)	-	-
At 31 March 1999	£3,981	£8,198	£3,334	£-	£1,612

The transfer of £3,274,000 from Revaluation Reserve to Investment Property Revaluation Reserve represents the amount of the Revaluation Reserve which relates to Investment Properties. This is as set out in Accounting policy e) Valuation of Freehold Properties.

The basis of the transfer from Capital Reserve (Grants) to Revaluation Reserve and Investment Property Revaluation Reserve is set out in Accounting policy i) Government Grants.

THE COMPANY	Share Premium Account £000	Profit and Loss Account £000
At 1 April 1998	3,838	132
Retained Profit for the year	-	2
At 31 March 1999	£3,838	£134

22. OPERATING LEASES

The Group has operating lease commitments for the next 12 months expiring:	1999 £000	1998 £000
In two to five years	18	15
After more than five years	13	13
	£31	£28

There are no operating leases in respect of Land and Buildings. The Company has no operating lease commitments.

23. CAPITAL COMMITMENTS

There are no capital commitments (1998: £NIL).

24. PENSION SCHEME

The Group operates a defined contribution pension scheme and group personal pension scheme for certain employees. The assets of the schemes are held separately from those of the Group in an independently administered fund.

25. CONTINGENT LIABILITIES

The Company has given an unlimited guarantee in respect of bank borrowings of all subsidiary companies. At 31 March 1999 these borrowings amounted to £3,739,000 (1998 : £3,175,000).

26. NOTES TO GROUP CASH FLOW STATEMENT

26.1 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN GROUP CASH FLOW STATEMENT

	1999 £000	1998 £000
Returns on Investments and Servicing of Finance		
Interest Received	-	4
Interest Paid	(298)	(220)
	(£298)	(£216)
Capital Expenditure		
Payments to acquire Tangible Fixed Assets	(1,065)	(869)
Receipts from sale of Tangible Fixed Assets	8	210
Payment to acquire Tangible Fixed Assets on acquisition	(25)	(26)
Goodwill Write Off on acquisition	-	(15)
Payment to acquire Goodwill on acquisition	(28)	-
Receipts from sale of Investments	13	-
Payment to acquire Investments	(24)	-
	(£1,121)	(£700)
Financing		
Capital Grants Received	26	15
	£26	£15

26.2 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 1998 £000	Cash Flow £000	At 31 March 1999 £000
Cash at Bank and in Hand	2	-	2
Bank Overdraft	(3,300)	(402)	(3,702)
	(£3,298)	(£402)	(£3,700)

HISTORIC FINANCIAL INFORMATION

For the years ended 31 March

	1999 £000	1998 £000	1997 £000	1996 £000	1995 £000
Turnover	4,004	3,202	2,915	2,095	1,289
Operating Profit	1,015	859	*463	444	379
Exceptional Profit	-	-	-	(59)	-
Net Interest Payable	282	131	17	218	156
Profit on Ordinary Activities Before Taxation	733	728	446	285	223
Write Off of ACT debtor	253	-	-	-	-
Profit Attributable to Shareholders	480	728	446	285	223
Dividends	379	364	339	167	152
Tangible Assets	23,878	23,198	21,951	20,226	16,756
Net Assets	19,728	19,901	18,981	13,627	10,997
Dividend per Ordinary share (adjusted for changes in issued share capital)	3.8p	3.65p	3.4p	3.4p	3.2p

* Stated after the Exceptional Cost of £122,000 on admission to the Alternative Investment Market.