

NOVA HOLDINGS (SALISBURY) PLC

COMPANY NUMBER 0030733

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1995

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FLETCHER & PARTNERS

CHARTERED ACCOUNTANTS

SALISBURY



NOVA HOLDINGS (SALISBURY) PLC

Directors : W S Oglethorpe (Chairman)
 R R F Baker
 D I Jefferson
 R A Gibbs
 M C Maidment

Secretary : J P Chudleigh

Bankers : Lloyds Bank plc

Registered Office : 4 New Street, Salisbury

DIRECTORS' REPORTTO THE ONE HUNDRED AND SEVENTH ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Directors present their report and the audited financial statements for the year ended 31 December 1995.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Company remain the owning and management of property.

Occupancy rates were satisfactory during the year although some of the Company's Salisbury and Warminster properties remained vacant.

The Company spent £65,859 on improvements to the flats in its property at Warminster, and a further £2,424 on fixtures and fittings. It is expected that the flats, which were previously empty, will now generate additional rental income.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £72,843 (1994: £58,280). It is recommended that the profit be dealt with as follows:-

£		
Preference Dividends		
Interim paid	(2%)	250
Final proposed	(1.75%)	219
Ordinary Dividends		
Interim paid	(9%)	16,867
Final proposed	(12%)	22,489
Transfer to Reserves		33,018
		<hr/>
		£72,843
		<hr/>

NOVA HOLDINGS (SALISBURY) PLCDIRECTORS' REPORT(Continued)DIRECTORS

The names of the Directors who served the Company during the year and their beneficial interests in the Company's shares are as follows:

	<u>31 December 1995</u>		<u>1 January 1995</u>	
	<u>Ordinary</u>	<u>Preference</u>	<u>Ordinary</u>	<u>Preference</u>
W S Oglethorpe	2,234	121	2,234	121
R R F Baker	3,428	213	3,428	213
D I Jefferson	10,248	137	10,248	137
R A Gibbs	4,235	186	4,235	186
M C Maidment	100	-	100	-

The Directors have no rights to subscribe for shares.

Mr R R F Baker and Mr R A Gibbs retire by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting.

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 profit or loss of the Company 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;
- * follow applicable accounting standards, 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 which enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing the re-appointment of Fletcher & Partners as Auditors to the Company will be put to the Annual General Meeting.

Signed on behalf of the Board of Directors



..... Secretary

J P Chudleigh

Approved by the Board 1996...

AUDITORS REPORT TO THE SHAREHOLDERS OF

NOVA HOLDINGS (SALISBURY) PLC

We have audited the financial statements on Pages 4 to 11 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 the Company's Directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 the 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.

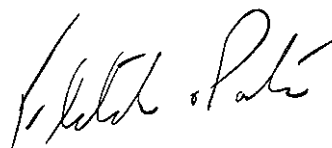
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error.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

QUALIFIED OPINION

The Company has not revalued its investment properties as required by Statement of Standard Accounting Practice Number 19, which requires such valuations on an annual basis (see Note 1c to the Financial Statements).

Except for the non-compliance with this requirement, in our opinion the accounts give a true and fair view of the state of the Company's affairs as at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion this qualification is not material for determining whether the proposed distribution would contravene the Companies Act 1985.



FLETCHER AND PARTNERS
Chartered Accountants
and Registered Auditors

Salisbury

28 February 1996

NOVA HOLDINGS (SALISBURY) PLCPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31 DECEMBER 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
RENTS RECEIVABLE		122,456	126,410
OTHER OPERATING INCOME			
Insurance Commission		990	959
		<hr/>	<hr/>
		123,446	127,369
OPERATING CHARGES			
Property and Management Expenses	2	35,571	35,590
Amortisation of Property Development Costs	5	-	15,912
		<hr/>	<hr/>
OPERATING PROFIT		87,875	75,867
INTEREST RECEIVABLE		10,441	7,482
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		98,316	83,349
TAXATION	3	25,473	25,069
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		72,843	58,280
DIVIDENDS	4	39,825	39,825
		<hr/>	<hr/>
RETAINED PROFIT FOR THE YEAR		33,018	18,455
RETAINED PROFIT BROUGHT FORWARD		385,808	367,353
		<hr/>	<hr/>
RETAINED PROFIT CARRIED FORWARD		£418,826	£385,808
		<hr/>	<hr/>

CONTINUING OPERATIONS

None of the Company's activities were acquired or discontinued during the above two financial years.

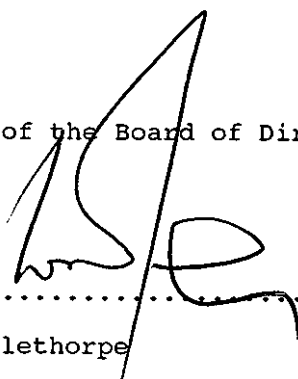
TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses other than the profit for the above two financial years.

NOVA HOLDINGS (SALISBURY) PLCBALANCE SHEETAS AT 31 DECEMBER 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
TANGIBLE FIXED ASSETS			
Properties	5	515,686	449,827
Other Assets	6	12,440	17,501
		<u>528,126</u>	<u>467,328</u>
CURRENT ASSETS			
Debtors	7	16,464	10,358
Cash at Bank		178,696	194,667
		<u>195,160</u>	<u>205,025</u>
CREDITORS: Amounts Falling Due Within One Year	8	99,806	81,891
		<u>95,354</u>	<u>123,134</u>
NET CURRENT ASSETS			
		<u>£623,480</u>	<u>£590,462</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>£623,480</u>	<u>£590,462</u>
CAPITAL AND RESERVES			
Called-up Share Capital	10	199,904	199,904
Capital Reserve	11	4,750	4,750
Profit and Loss Account		418,826	385,808
SHAREHOLDERS' FUNDS	12	<u>£623,480</u>	<u>£590,462</u>

Signed on behalf of the Board of Directors:



..... Chairman

W S Oglethorpe

Approved by the Board

..... 12 February 1996

The Notes on Pages 7 to 11 form part of these Financial Statements

NOVA HOLDINGS (SALISBURY) PLCCASH FLOW STATEMENTFOR THE YEAR ENDED 31 DECEMBER 1995

	<u>Note</u>	<u>1995</u>	<u>1994</u>
CASH INFLOW FROM OPERATING ACTIVITIES	(a)	104,292	106,263
RETURNS FROM INVESTMENTS AND SERVICING OF FINANCE			
Interest Received		10,441	7,482
Dividends Paid		(39,803)	(39,847)
		(29,362)	(32,365)
TAXATION			
Mainstream Corporation Tax Paid		(14,740)	(11,978)
Advance Corporation Tax Paid		(10,043)	(11,464)
		(24,783)	(23,442)
INVESTING ACTIVITIES			
Warminster Improvements		(64,323)	-
Salisbury Development		-	(706)
Purchase of Fixtures and Fittings		(1,795)	-
		(66,118)	(706)
TOTAL NET CASH INFLOW/(OUTFLOW)	(b)	£(15,971)	£49,750

NOTES TO THE CASH FLOW STATEMENT

	<u>1995</u>	<u>1994</u>
(a) <u>Reconciliation of Operating Profit and Net Cash Inflow from Operating Activities.</u>		
Operating Profit	87,875	75,867
Decrease/(Increase) in Operating Debtors	(5,911)	4,728
Increase/(Decrease) in Operating Creditors	14,843	2,756
Depreciation	7,485	7,000
Amortisation of Property Development Costs	-	15,912
	£104,292	£106,263
(b) <u>Reconciliation of changes in Cash and Cash Equivalents with Balance Sheet.</u>		
Cash at Bank		
Opening Balances	194,667	144,917
Closing Balances	178,696	194,667
Increase/(Decrease) in Year:	£(15,971)	£49,750

NOVA HOLDINGS (SALISBURY) PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1995

1. ACCOUNTING POLICIES

a) Basis of Accounting

These financial statements have been prepared under the historical cost convention, modified by the revaluation of certain properties. They comply with the provisions of the Companies Act 1985, with Financial Reporting Standards and with Statements of Standard Accounting Practice, except as explained in Note 1c below.

b) Rents Receivable

Rents receivable are credited to income in the period to which they relate. All arrears at the balance sheet date (including amounts relating to future periods) are included as debtors and rents receivable in advance are carried forward as creditors.

c) Properties

The value of properties in the Balance Sheet is based on the Directors' valuation in 1978 with subsequent additions at historic cost. This treatment is not in accordance with Statement of Standard Accounting Practice Number 19 which requires investment properties to be shown at market value.

Property development costs are capitalised as incurred, provided that it is reasonably probable that the development will be completed.

No depreciation is charged on Properties because the Directors expect their residual values at the end of their useful lives to exceed book value.

d) Other Tangible Fixed Assets

Depreciation is charged to write off the cost of other tangible fixed assets over their estimated useful lives.

The following rate is used:

Landlord's Fixtures and Fittings: 20% straight line basis

No depreciation is charged on Office Furniture as it has only a nominal value.

e) Deferred Tax

Provision is made for deferred tax using the liability method on all timing differences to the extent that it is probable that a liability will crystallise. No provision is made where it is probable that a liability will not crystallise.

NOVA HOLDINGS (SALISBURY) PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1995
(Continued)

2. PROPERTY AND MANAGEMENT EXPENSES

	<u>1995</u>	<u>1994</u>
These include:		
Directors' Fees	£4,250	£4,250
Depreciation	£7,485	£7,000
Auditors' Remuneration	£2,100	£2,100
	<u> </u>	<u> </u>
There were no fully employed Directors or Employees		

3. TAXATION

Provision has been made for Corporation Tax at the Small Companies' Rate of 25% on the Profit on Ordinary Activities as follows:-

	<u>1995</u>	<u>1994</u>
Corporation Tax chargeable for the year	25,664	25,589
Deferred Tax credit (Note 9)	(191)	(520)
	<u> </u>	<u> </u>
As charged in the Profit and Loss Account	£25,473	£25,069
	<u> </u>	<u> </u>

The Corporation Tax liability included in Creditors is the tax charged for the year less Advance Corporation Tax paid during the year.

4. DIVIDENDS

	<u>1995</u>	<u>1994</u>
Ordinary Shares		
Interim Dividend Paid	16,867	16,867
Final Dividend Proposed	22,489	22,489
	<u> </u>	<u> </u>
	39,356	39,356
Preference Shares		
Interim Dividend Paid	250	250
Final Dividend Proposed	219	219
	<u> </u>	<u> </u>
	469	469
	<u> </u>	<u> </u>
	£39,825	£39,825
	<u> </u>	<u> </u>

NOVA HOLDINGS (SALISBURY) PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1995

(Continued)

5. PROPERTIES

	<u>1995</u>	<u>1994</u>
<u>FREEHOLD LAND AND BUILDINGS</u>		
<u>Salisbury Properties</u>		
As valued by the Directors 1 March 1978	166,000	166,000
Additions, at cost, in 1986	4,535	4,535
Development costs (1992 to 1994)	15,912	15,912
Less: Amortisation	(15,912)	(15,912)
	—	—
	170,535	170,535
<u>Warminster Properties</u>		
At cost in 1979	34,396	34,396
Improvements in Year	65,859	—
	100,255	34,396
<u>Reading Property</u>		
At cost in 1983	92,705	92,705
Development costs (1990 to 1992)	152,191	152,191
	244,896	244,896
	£515,686	£449,827

The historic cost of the Salisbury Properties is £39,233 (1994: £39,233). This is the net book value of properties held at 1 March 1978 after adjustment for subsequent additions and disposals at historic cost and the amortisation of development costs.

6. OTHER TANGIBLE FIXED ASSETS

Cost or Valuation	<u>Landlord's Fixtures and Fittings</u>	<u>Office Furniture</u>	<u>Total</u>
At 1 January 1995	35,000	1	35,001
Additions	2,424	—	2,424
At 31 December 1995	37,424	1	37,425
Depreciation			
At 1 January 1995	17,500	—	17,500
Charge for the Year	7,485	—	7,485
At 31 December 1995	24,985	—	24,985
Net Book Value			
At 31 December 1995	£12,439	£ 1	£12,440
At 31 December 1994	£17,500	£ 1	£17,501

NOVA HOLDINGS (SALISBURY) PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1995

(Continued)

7. DEBTORS

	<u>1995</u>	<u>1994</u>
Amounts falling due within one year:		
Rent arrears	11,280	5,369
Amounts falling due after more than one year:		
Advance Corporation Tax recoverable	5,184	4,989
	<u>£16,464</u>	<u>£10,358</u>

8. CREDITORS: Amounts falling due within one year:

	<u>1995</u>	<u>1994</u>
Rents receivable in advance	30,917	27,391
Other Creditors including Taxation:		
Dividends payable	22,708	22,686
Mainstream Corporation Tax	15,621	14,740
Advance Corporation Tax	5,677	5,673
Value Added Tax	8,474	7,403
Other Creditors	5,838	612
Accruals	10,571	3,386
	<u>£99,806</u>	<u>£81,891</u>

9. DEFERRED TAX

	<u>1995</u>	<u>1994</u>
Balance at 1 January 1995	684	1,204
Transfer during the Year	(191)	(520)
Balance at 31 December 1995:		
Accelerated Capital Allowances	493	684
<u>Less</u> ACT Recoverable	(493)	(684)
As shown in the Balance Sheet	<u>£ Nil</u>	<u>£ Nil</u>

Full provision has been made for deferred tax in respect of accelerated capital allowances since all liabilities are expected to crystallise.

No provision has been made for deferred tax in respect of property revaluations since it is considered that no tax liability would arise if revalued properties were disposed of at their Balance Sheet values.

NOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31 DECEMBER 1995 (Continued)

10. SHARE CAPITAL

	<u>At 1 January and 31 December 1995</u>	
	<u>Authorised</u>	<u>Allotted, Called up & Fully Paid</u>
Ordinary Shares of £1 each	387,500	187,410
3.75% Preference Shares of £1 each	12,500	12,494
	<hr/>	<hr/>
	£400,000	£199,904
	<hr/>	<hr/>

There were no changes during the year.

11. CAPITAL RESERVE

When the Salisbury properties were revalued on 1 March 1978 a sum equal to the amount of the revaluation (£154,678) was taken to Capital Reserve and £149,928 of it was capitalised by a bonus issue of shares. The balance on Capital Reserve therefore represents the uncapped and undistributable element of the revaluation:

As at 1 January and 31 December 1995: £4,750

There was no change during the year.

12. SHAREHOLDERS' FUNDS

a) Analysis of Shareholders' Funds

	<u>1995</u>	<u>1994</u>
Non-equity Interests (3.75% Preference Shares)	12,494	12,494
Equity Interests	610,986	577,968
	<hr/>	<hr/>
	£623,480	£590,462
	<hr/>	<hr/>
<u>Non-equity Interests</u>		

Shareholders' funds attributable to non-equity interests comprise 12,494 3.75% preference shares of £1 each at par value. Dividends are payable at an annual rate of 3.75% net of tax credit and are cumulative. The shares are not redeemable but have priority over ordinary shares in the event of the Company's being wound up, to the extent of their par value and the arrears (if any) of dividends. Holders of preference shares have no vote (provided dividends are not in arrears), except on a question of the winding up or reconstruction of the Company.

b) Reconciliation of Movements on Shareholders' Funds

	<u>1995</u>	<u>1994</u>
Profit for the Year after Taxation	72,843	58,280
Dividends	(39,825)	(39,825)
	<hr/>	<hr/>
Shareholders' Funds at 1 January 1995	33,018	18,455
	590,462	572,007
	<hr/>	<hr/>
Shareholders' Funds at 31 December 1995	£623,480	£590,462
	<hr/>	<hr/>