

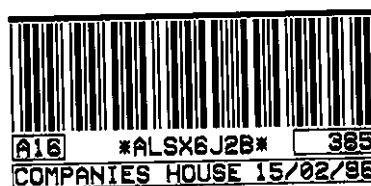
Company number 439083

PROPERTY HOLDING & INVESTMENT TRUST PLC

REPORT AND ACCOUNTS

30 SEPTEMBER 1995

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PROPERTY HOLDING & INVESTMENT TRUST PLC

DIRECTORS' REPORT

The directors have pleasure in submitting their Report and Statement of Accounts for the year ended 30 September 1995.

PRINCIPAL ACTIVITIES

The principal activity of the Company is and will continue to be property investment and development.

BUSINESS REVIEW

During the year the Company remained active in property development and investment operations. The Board of Directors considers that there is scope for further development of the Company's activities.

RESULTS

The results for the year are set out in the profit and loss account on page 3. Retained profits of £5,744,135 (1994 - £6,116,320) have been transferred to reserves.

DIVIDENDS

The directors do not recommend a dividend.

FIXED ASSETS

Details of the movements in fixed assets during the year are given in notes 9 and 10 to the Accounts.

DIRECTORS

The directors of the Company during the year were:

G P Kelly
T C Garnham
D C Henderson

During the year the ultimate parent undertaking, Trafalgar House Public Limited Company, maintained insurance for directors and officers against liabilities in relation to its subsidiary companies.

DIRECTORS' SHARE INTERESTS

Given below are details of the interests in the Shares and Debentures of Trafalgar House Public Limited Company (the ultimate parent undertaking) at 30 September 1994 and at 30 September 1995 of the directors of the Company at that latter date who were not also directors of Trafalgar House Public Limited Company.

These figures include interests acquired under the terms of Trafalgar House Public Limited Company's profit sharing and share option schemes.

PROPERTY HOLDING & INVESTMENT TRUST PLC

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' SHARE INTERESTS (Continued)

	<u>30 September 1995</u>			<u>30 September 1994</u>		
	Convertible Cumulative Preference Shares of <u>6p each</u>	Ordinary Shares of <u>20p each</u>	Share Options	Convertible Cumulative Preference Shares of <u>6p each</u>	Ordinary Shares of <u>20p each</u>	Share Options
D C Henderson	607	1,883	121,142	607	1,858	126,844
G P Kelly	-	-	52,280	-	-	52,280
T C Garnham	-	-	57,139	-	-	57,139

AUDITORS

On February 1995, our auditors changed the name under which they practice to KPMG and, accordingly, have signed their report in their new name.

A resolution to re-appoint KPMG as auditors of the Company will be proposed at the Annual General Meeting.

For and on behalf of the Board


G P KELLY
Secretary

10 Bedford Street
London WC2E 9HE

12 December 1995

PROPERTY HOLDING & INVESTMENT TRUST PLC

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 as at the end of the financial year and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) state whether applicable accounting standards have been followed;
- d) 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. 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' REPORT TO THE MEMBERS

OF

PROPERTY HOLDING & INVESTMENT TRUST PLC

We have audited the financial statements on pages 3 to 14 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 pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 1, the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 30 September 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

WMB

KPMG

Chartered Accountants and Registered Auditors

8 Salisbury Square
London
EC4Y 8BB

12 December 1995

PROPERTY HOLDING & INVESTMENT TRUST PLC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1995

	<u>Note</u>	<u>1995</u>	<u>1994</u>
		<u>£</u>	<u>£</u>
<u>TURNOVER</u>			
Continuing operations	3	908,568	1,589,686
<u>COST OF SALES</u>	4	200,438	(1,613,217)
		<hr/>	<hr/>
<u>GROSS PROFIT/LOSS</u>		1,109,006	(23,531)
<u>NET OPERATING EXPENSES</u>	5	4,474,616	3,735,707
<u>PROFIT ON SALE OF FIXED ASSET</u> <u>INVESTMENT IN CONTINUING</u> <u>OPERATIONS</u>		132,274	-
		<hr/>	<hr/>
<u>OPERATING PROFIT ON CONTINUING</u> <u>OPERATIONS BEFORE INTEREST</u>		5,715,896	3,712,176
<u>INTEREST RECEIVABLE AND</u> <u>SIMILAR INCOME</u>		28,409	356,949
<u>INTEREST PAYABLE AND</u> <u>SIMILAR CHARGES</u>	6	(170)	(311,562)
		<hr/>	<hr/>
<u>PROFIT ON ORDINARY</u> <u>ACTIVITIES BEFORE TAXATION</u>	7	5,744,135	3,757,563
<u>TAXATION</u> - on profit on ordinary activities	8	-	2,358,757
		<hr/>	<hr/>
<u>RETAINED PROFIT FOR</u> <u>THE FINANCIAL YEAR</u>	14	5,744,135 =====	6,116,320 =====

The notes on pages 7 to 14 form part of these accounts.

PROPERTY HOLDING & INVESTMENT TRUST PLC

BALANCE SHEET AT 30 SEPTEMBER 1995

	<u>Note</u>	<u>1995</u>		<u>1994</u>	
		<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>FIXED ASSETS</u>					
Tangible assets	9	8,100,000		7,005,200	
Investments	10	27,391,999		27,055,237	
		<hr/>		<hr/>	
		35,491,999		34,060,437	
<u>CURRENT ASSETS</u>					
Debtors	11	63,797,204		63,705,192	
		<hr/>		<hr/>	
<u>CREDITORS: AMOUNTS FALLING</u>					
<u>DUE WITHIN ONE YEAR</u>					
Trade creditors		(92,682)		(9,050)	
Amounts owed to intermediate parent undertaking		(450,000)		(450,000)	
Amounts owed to fellow subsidiary undertakings		(2,979,172)		(3,861,739)	
Amounts owed to subsidiary undertakings		(48,643,613)		(51,221,940)	
Amounts owed to associated undertaking		-		(334,397)	
Taxation and social security		(49,805)		(27,420)	
Accruals and deferred income		(504,915)		(576,335)	
Other creditors		(4,782)		(39,649)	
		<hr/>		<hr/>	
		(52,724,969)		(56,520,530)	
<u>NET CURRENT ASSETS</u>		<hr/>	11,072,235	<hr/>	7,184,662
<u>TOTAL ASSETS LESS CURRENT</u>					
<u>LIABILITIES</u>		<hr/>	46,564,234	<hr/>	41,245,099
<u>PROVISION FOR LIABILITIES</u>					
<u>AND CHARGES</u>	12	(800,000)		(1,225,000)	
<u>NET ASSETS</u>		<hr/>	45,764,234	<hr/>	40,020,099
		=====		=====	

PROPERTY HOLDING & INVESTMENT TRUST PLC

BALANCE SHEET AT 30 SEPTEMBER 1995 (CONTINUED)

	<u>Note</u>	<u>1995</u>	<u>1994</u>
		<u>£</u>	<u>£</u>
<u>CAPITAL AND RESERVES</u>			
Equity share capital		20,456,923	20,456,923
Non-equity share capital		499,377	499,377
		<hr/>	<hr/>
Called up share capital	13	20,956,300	20,956,300
Equity reserves			
Share premium account		1,028,949	1,028,949
Revaluation reserve	14	-	227,641
Profit and loss account	14	23,778,985	17,807,209
		<hr/>	<hr/>
<u>SHAREHOLDERS' FUNDS</u>		<u>45,764,234</u>	<u>40,020,099</u>
		<u>=====</u>	<u>=====</u>

The notes on pages 7 to 14 form part of these accounts.

These accounts were approved by the Board of Directors on 12 December 1995
and signed on its behalf by:


 G. P. KELLY
 Director

PROPERTY HOLDING & INVESTMENT TRUST PLC

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 SEPTEMBER 1995

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Profit for the financial year	5,744,135	6,116,320
Surplus on revaluation of shares in associated undertaking	-	4,989
Total recognised gains relating to the year	5,744,135 =====	6,121,309 =====

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 30 SEPTEMBER 1995

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Profit for the financial year	5,744,135	6,116,320
Other recognised gains relating to the year	-	4,989
Net addition to shareholders' funds	5,744,135	6,121,309
Opening shareholders' funds	40,020,099	33,898,790
Closing shareholders' funds	45,764,234 =====	40,020,099 =====

PROPERTY HOLDING & INVESTMENT TRUST PLC

NOTES TO THE ACCOUNTS AT 30 SEPTEMBER 1995

1. ULTIMATE PARENT UNDERTAKING

The Company's ultimate parent undertaking is Trafalgar House Public Limited Company, which is registered in England and Wales. Copies of the Report and Accounts of Trafalgar House Public Limited Company are available from The Company Secretary's office at 1 Berkeley Street, London W1A 1BY.

2. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

(a) Accounting convention

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified for the revaluation of certain fixed assets, and include the results of activities described in the directors' report, which are continuing.

(b) Basis of preparation

The Company is exempt by virtue of section 228 of the Companies Act 1985 from the requirements to prepare group accounts.

(c) Cash flow statement

The Company has taken advantage of the exemption under the rules of FRS1 not to produce a cash flow statement. The appropriate amounts have been included in the consolidated accounts of Trafalgar House Public Limited Company.

(d) Turnover

Turnover, represents sales of developments and rental income and arises wholly within the United Kingdom.

(e) Taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts to the extent that it is probable that a liability or asset will crystallise in the future.

PROPERTY HOLDING & INVESTMENT TRUST PLC

NOTES TO THE ACCOUNTS AT 30 SEPTEMBER 1995 (CONTINUED)

2. ACCOUNTING POLICIES (continued)

(f) Depreciation

Depreciation is not provided on freehold and long leasehold properties where the directors are of the opinion that the buildings concerned are currently sufficiently well maintained to ensure that the residual values of such properties are not less than the cost or valuation and accordingly annual depreciation or amortisation would not be material to the financial statements.

Freehold and leasehold investment properties are not depreciated. Compliance with SSAP 19 "Accounting for Investment Properties" requires departure from the requirements of the Companies Act 1985, relating to depreciation and an explanation of this departure is given in note 9.

(g) Investment properties

Investment properties are defined as developments in respect of which two years has elapsed since practical completion or, if earlier, when the developments are producing income in excess of outgoings. Such properties are included in the balance sheet at their open market value at the balance sheet date on the basis of an annual professional valuation.

(h) Fixed asset investments

Shares in subsidiary undertakings are stated at cost less amounts written off. Shares in associated undertakings are stated at their net asset value.

(i) Developments for sale

Properties held for development and sale are shown at the lower of cost and net realisable value.

(j) Revaluation reserve

Surpluses arising on the revaluation of tangible fixed assets are credited to a non distributable reserve known as the revaluation reserve. Any permanent diminution in valuation is written off firstly against previously arising credits in the revaluation reserve and secondly in the profit and loss account. In accordance with FRS3, the profit or loss on sale of a tangible fixed asset is the difference between the disposal proceeds and the carrying value of the asset, including any revaluation. Any amount in the revaluation reserve relating to such an asset is transferred directly to the profit and loss reserve and is not included in the profit for the financial year.

PROPERTY HOLDING & INVESTMENT TRUST PLC

NOTES TO THE ACCOUNTS AT 30 SEPTEMBER 1995 (CONTINUED)

3. TURNOVER - continuing operations

	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Sales of developments	-	915,000
Gross rental income	908,568	674,686
	<hr/>	<hr/>
	908,568	1,589,686
	=====	=====

4. COST OF SALES

	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Cost of sales	-	(600,755)
Provision for rental guarantees not required/(required)	391,665	(631,103)
Property outgoings	(266,227)	(381,359)
Prior year accruals no longer required	75,000	-
	<hr/>	<hr/>
	200,438	(1,613,217)
	=====	=====

5. NET OPERATING EXPENSES

	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Net operating expenses consist of:		
Amounts written off investments in subsidiary undertakings in prior periods no longer required	768,167	520,239
Amounts written off investments in subsidiary undertakings	-	(18,236,899)
Provision for losses of subsidiary undertaking not required	-	19,370,668
Amounts written off tangible fixed assets not required	1,100,000	2,081,699
Surplus on disposal of investments in subsidiary undertakings to fellow subsidiary undertaking	2,606,449	-
	<hr/>	<hr/>
	4,474,616	3,735,707
	=====	=====

PROPERTY HOLDING & INVESTMENT TRUST PLC

NOTES TO THE ACCOUNTS AT 30 SEPTEMBER 1995 (CONTINUED)

6. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Bank loans, overdrafts and other loans		
repayable within five years	170	43,919
Inter group	-	267,643
	<hr/>	<hr/>
	170	311,562
	=====	=====

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Staff costs and auditors' remuneration were borne by a fellow subsidiary undertaking.

None of the directors received any emoluments from the Company during the year (1994 - £NIL).

8. TAXATION

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Corporation tax - prior year accrual		
not required	-	2,358,757
	=====	=====

There is no charge for corporation tax on the profit for the year as relief will be obtained for losses incurred by other companies in the group surrendered for no consideration.

There is no potential liability to deferred taxation.

9. TANGIBLE FIXED ASSETS

	<u>Investment Properties</u>		
	<u>Freehold</u>	<u>Leasehold</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>
At 1 October 1994 (cost			
£8,807,770)	7,000,000	5,200	7,005,200
Disposals	-	(5,200)	(5,200)
Surplus on revaluation			
to profit and loss			
account	1,100,000	-	1,100,000
	<hr/>	<hr/>	<hr/>
At 30 September 1995 (cost			
£8,807,770)	8,100,000	-	8,100,000
	=====	=====	=====

PROPERTY HOLDING & INVESTMENT TRUST PLC

NOTES TO THE ACCOUNTS AT 30 SEPTEMBER 1995 (CONTINUED)

9. TANGIBLE FIXED ASSETS (continued)

Freehold investment properties are included at their open market value at 30 September 1995 as prepared by Jones Lang Wootton, Chartered Surveyors. The valuations were carried out in accordance with the Statements of Asset Valuation Practice and Guidance Notes published by the Royal Institution of Chartered Surveyors. Leasehold investment properties were included at their open market value at 30 September 1993 based on valuations carried out by a Chartered Surveyor, who was a director of the Company.

In accordance with Statement of Standard Accounting Practice Number 19 no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

This treatment, as regards the Company's investment properties, may be a departure from the requirements of the Companies Act 1985 concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

10. FIXED ASSETS - INVESTMENTS

	Shares in subsidiary undertakings £	Shares in associated undertakings £	Total £
Cost or valuation at 1 October 1994	26,624,940	430,297	27,055,237
Disposals	(1,108)	(430,297)	(431,405)
Amounts written off to profit and loss in prior years no longer required	768,167	-	768,167
Cost or valuation at 30 September 1995	27,391,999 =====	- =====	27,391,999 =====

The value of the investment in subsidiary undertakings based on the equity method of valuation is £45,425,715 (1994 - £47,236,246).

Listed below are the principal subsidiary undertakings, which are wholly owned, incorporated in Great Britain, registered in England and Wales and engaged in property investment or development in the country of incorporation.

PROPERTY HOLDING & INVESTMENT TRUST PLC

NOTES TO THE ACCOUNTS AT 30 SEPTEMBER 1995 (CONTINUED)

10. FIXED ASSETS - INVESTMENTS (continued)

(a) Subsidiaries

G. M. Properties Limited

Premier Securities Limited

Property Selection and Investment Trust
Limited

(b) Associated Company

During the year the Company transferred its shareholding in its
Associated Company, Rothley Temple Estates Limited, to a fellow
subsidiary undertaking.

11. DEBTORS

	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Amounts falling due within one year:		
Trade and other debtors	17,321	89,910
Amount owed by ultimate parent undertaking	1,865,685	1,893,087
Amount owed by immediate parent undertaking	61,675,762	61,553,246
Amounts owed by fellow subsidiary undertakings	187,029	90,832
Amounts owed by subsidiary undertakings	-	3,444
Prepayments and accrued income	51,407	74,673
	<hr/>	<hr/>
	63,797,204	63,705,192
	=====	=====

12. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>£</u>
At 1 October 1994	1,225,000
Less: Utilised during the year	(33,335)
Released during the year	(391,665)
	<hr/>
At 30 September 1995	800,000
	=====

These provisions relate to rental guarantees

PROPERTY HOLDING & INVESTMENT TRUST PLC

NOTES TO THE ACCOUNTS AT 30 SEPTEMBER 1995 (CONTINUED)

13. SHARE CAPITAL

	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Authorised:		
Equity share capital		
100,000,000 ordinary shares of 25p each	25,000,000	25,000,000
Non-equity share capital		
750,000 3.15% cumulative preference shares of £1 each	750,000	750,000
	<hr/> 25,750,000	<hr/> 25,750,000
	=====	=====
Allotted, called up and fully paid:		
Equity share capital		
81,827,690 ordinary shares of 25p each	20,456,923	20,456,923
Non-equity share capital		
499,377 3.15% cumulative preference shares of £1 each	499,377	499,377
	<hr/> 20,956,300	<hr/> 20,956,300
	=====	=====

The holders of the non-equity share capital are entitled, on the winding up of the Company, to receive before any distributions to the ordinary shareholders:-

- a) all arrears of dividend whether declared or not, and;
- b) a premium of 10p per share or the difference between the nominal value and market value, whichever is the greater.

The holders of the non-equity share capital are not entitled to attend or vote at any General Meeting of the Company unless:

- a) the preferential dividend shall remain unpaid for six calendar months for which purpose the dividend shall be deemed to be payable half yearly on 31 March and 30 September or;

PROPERTY HOLDING & INVESTMENT TRUST PLC

NOTES TO THE ACCOUNTS AT 30 SEPTEMBER 1995 (CONTINUED)

13. SHARE CAPITAL (continued)

b) a resolution shall be submitted:

- (i) for the reduction of the capital of the Company;
- (ii) for winding up the Company;
- (iii) directly affecting the rights and privileges attached to the shares or;
- (iv) for effecting any alteration in the borrowing powers of the directors.

On a show of hands each member present shall have one vote, and in case of a poll every member present or by proxy shall have four votes in respect of each 3.15% Cumulative Preference Share of £1 and one vote in respect of each Ordinary Share held by him.

14. RESERVES

	<u>Revaluation Reserve</u> £	<u>Profit and Loss Account</u> £
At 1 October 1994	227,641	17,807,209
Retained profit for the financial year	-	5,744,135
Transfer to revenue reserves on disposals of:		
Tangible fixed assets	(5,200)	5,200
Investments in associated undertakings	(222,441)	222,441
	<hr/>	<hr/>
At 30 September 1995	- =====	23,778,985 =====

15. CONTINGENT LIABILITY

The Company has a contingent liability under a joint and several guarantee to the bankers in support of borrowings of group companies who are party to the memorandum account.