

Property Holding & Investment Trust Limited

## Property Holding & Investment Trust Limited

Financial Statements 31 December 1997  
together with directors' and auditors' reports

Registered number: 439083



# Property Holding & Investment Trust Limited

## Directors' Report

The directors present their report, together with the financial statements and auditors' report, for the year ended 31 December 1997.

### Principal activities and business review

The company's principal activity is, and will continue to be, property investment and development. The Board considers that there is scope for further development of the company's operations.

### Results

The results for the year are set out in the profit and loss account on page 3. Retained losses of £25,245 (15 months ended 31 December 1996 - profit £244,496) have been transferred to reserves.

### Dividends

The directors do not recommend the payment of a dividend.

### Directors

The directors of the company during the year were:

H G R Williams  
G P Kelly

### Directors' share interests

None of the directors, at 31 December 1997, had any interests requiring to be disclosed under the Companies Act 1985. There were no changes in the directors' interests between 31 December 1997 and the date of this report. No director, during the year, had a material interest in any contract significant to the Company's business.

### Auditors

Pursuant to Section 386 of the Companies Act 1985 an elective resolution to dispense with the obligation to appoint auditors annually has been passed at an Extraordinary General Meeting.

By order of the Board,



G P Kelly  
Secretary  
Renown House  
33 -34 Bury Street  
London EC3A 5AR

20 JUN 1998

## Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Property Holding & Investment Trust Limited

## Auditors' Report

To the Shareholders of Property Holding & Investment Trust Limited:

We have audited the financial statements on pages 3 to 9 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 5.

### Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the 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 31 December 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen  
Chartered Accountants and Registered Auditors

1 Surrey Street  
LONDON WC2R 2PS

26 June 1998

# Property Holding & Investment Trust Limited

## Profit And Loss Account for the Year Ended 31 December 1997

	Note	Year ended 31 December 1997 £	15 months ended 31 December 1996 £
<b>Turnover - continuing operations</b>			
Rental income		60,849	815,013
Cost of sales	2	<u>554,885</u>	<u>199,728</u>
Gross profit - continuing operations		615,734	1,014,741
Net operating expenses	3	<u>(496,439)</u>	<u>(2,343,148)</u>
Operating profit/(loss) on continuing operations		119,295	(1,328,407)
Surplus on sale of tangible fixed assets	6	17,912	1,620,000
Interest receivable and similar income		6,175	163,534
Interest payable and similar charges	4	<u>(168,627)</u>	<u>(210,631)</u>
(Loss)/profit on ordinary activities before taxation		(25,245)	244,496
Taxation - on (loss)/profit on ordinary activities	5	<u>-</u>	<u>-</u>
Retained (loss)/profit for the financial period	11	<u><u>(25,245)</u></u>	<u><u>244,496</u></u>

The notes on pages 5 to 9 form part of this profit and loss account.

The company has no recognised gains or losses other than the (loss)/ profit for the current or prior financial period. Accordingly, a statement of total recognised gains and losses has not been prepared.

The only movement in shareholders' funds is the loss for the financial year. Accordingly, a statement reconciling the movements in shareholders' funds has not been prepared.

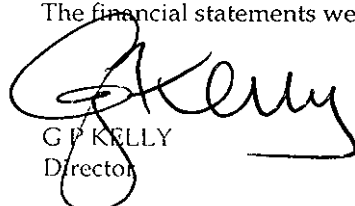
# Property Holding & Investment Trust Limited

## Balance Sheet at 31 December 1997

	Note	31 December 1997		31 December 1996	
		£	£	£	£
<b>Fixed assets</b>					
Investments	7		24,862,412		25,048,851
<b>Current assets</b>					
Debtors	8	<u>65,206,589</u>		<u>75,041,024</u>	
<b>Creditors: Amounts falling due within one year:</b>					
Trade creditors		(34,281)		(42,384)	
Amount owed to intermediate parent undertaking		(450,000)		(450,000)	
Amounts owed to subsidiary undertakings		(41,144,760)		(48,621,902)	
Amounts owed to fellow subsidiary undertakings		(2,408,206)		(4,307,026)	
Accruals and deferred income		(41,596)		(103,164)	
Other creditors		<u>(6,673)</u>		<u>(6,669)</u>	
		<u>(44,085,516)</u>		<u>(53,531,145)</u>	
<b>Net current assets</b>			<u>21,121,073</u>		<u>21,509,879</u>
<b>Total assets less current liabilities</b>			<u>45,983,485</u>		<u>46,558,730</u>
<b>Provisions for liabilities and charges</b>	9		<u>-</u>		<u>(550,000)</u>
<b>Net assets</b>			<u><u>45,983,485</u></u>		<u><u>46,008,730</u></u>
<b>Capital and reserves</b>					
Equity share capital			20,456,923		20,456,923
Non-equity share capital			499,377		499,377
<b>Called up share capital</b>	10		<u>20,956,300</u>		<u>20,956,300</u>
<b>Equity reserves</b>					
Share premium account			1,028,949		1,028,949
Profit and loss account	11		<u>23,998,236</u>		<u>24,023,481</u>
<b>Shareholders' funds</b>			<u><u>45,983,485</u></u>		<u><u>46,008,730</u></u>

The notes on pages 5 to 9 form part of this balance sheet.

The financial statements were approved by the Board of Directors on ... and signed on its behalf by:

  
G.P. KELLY  
Director

# Property Holding & Investment Trust Limited

## Notes to accounts 31 December 1997

### 1. 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 tangible fixed assets.

#### (b) Basis of preparation

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

#### (c) Cash flow statement

The company has taken advantage of the exemption under the rules of FRS1 (revised) not to produce a cash flow statement. The appropriate amounts have been included in the consolidated financial statements of Kvaerner PLC.

#### (d) Turnover

Turnover represents rental income, net of VAT, and arises wholly within the United Kingdom.

#### (e) Taxation

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

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 financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

#### (f) Investment properties

Investment 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.

#### (g) 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 SSAP19 "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 6.

#### (h) Fixed asset investments

Shares in subsidiary undertakings are stated at cost less amounts written off.

#### (h) Revaluation reserve

Surpluses or deficits arising on the revaluation of tangible fixed assets are transferred to a non distributable reserve known as the revaluation reserve, unless a deficit (or its reversal) is expected to be permanent in which case it is charged (or credited) to 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 period.

# Property Holding & Investment Trust Limited

## Notes to accounts (continued) 31 December 1997

### 2. Cost of Sales

	Year ended 31 December 1997 £	Fifteen months ended 31 December 1996 £
Property outgoings	(26,615)	(292,427)
Provision for rental guarantees not required	550,000	250,000
Prior year accruals not required	-	242,155
Cost of development for sale in prior year recovered	31,500	-
	<u>554,885</u>	<u>199,728</u>

### 3. Net operating expenses

	Year ended 31 December 1997 £	Fifteen months ended 31 December 1996 £
Net operating expenses consist of:		
Administrative expenses	310,000	-
Amounts written off investments in subsidiary undertakings	186,439	2,343,148
	<u>496,439</u>	<u>2,343,148</u>

Administration, including staff costs and auditors' remuneration, was provided by a fellow subsidiary undertaking, for which a charge was made to the company. None of the directors received any emoluments from the company during the year (15 months ended 31 December 1996 - £Nil).

### 4. Interest payable and similar charges

	Year ended 31 December 1997 £	Fifteen months ended 31 December 1996 £
Short term loans (repayable within 5 years, not by instalments)	61	580
Intercompany loans	168,566	210,051
	<u>168,627</u>	<u>210,631</u>



# Property Holding & Investment Trust Limited

## Notes to accounts (continued) 31 December 1997

### 5. Taxation - on (loss)/profit on ordinary activities

There is no charge for corporation tax as the company has incurred a loss for the year. Relief for the loss will be surrendered to other companies in the group for no consideration.

There is no potential liability to deferred taxation.

### 6 Fixed assets - tangible assets

Long leasehold investment property .

The surplus for the year represents the net proceeds of the disposal of a long leasehold investment property which was held at £Nil value (31 December 1996 - £Nil)

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.

### 7. Fixed assets - investments

£

Shares in subsidiary undertakings

At 1 January 1997 (cost £86,961,251)	25,048,851
Amounts written off to profit and loss account	(186,439)
At 31 December 1997 (cost £86,961,251)	<u>24,862,412</u>

The value of the investment in subsidiary undertakings based on the equity method of valuation is £43,148,752 (1996 - £43,082,567)

Listed below are the principal subsidiary undertakings. These subsidiary undertakings are wholly-owned, incorporated in Great Britain, registered in England and Wales and carry on their activities of property investment or development in the county of incorporation.

G M Properties Limited  
Premier Securities Limited  
Property Selection and Investment Trust Limited.  
Redhill Properties Limited

# Property Holding & Investment Trust Limited

## Notes to accounts (continued)

31 December 1997

### 8. Debtors

	31 December 1997 £	31 December 1996 £
Amounts falling within one year:		
Trade debtors	38,763	40,723
Amount owed by parent undertaking	51,507,079	62,726,974
Amount owed by intermediate parent undertaking	-	2,029,204
Amounts owed by subsidiary undertaking	3,733,589	-
Amounts owed by fellow subsidiary undertakings	9,924,752	10,168,423
Taxation and social security	2,406	19,320
Prepayments and accrued income	-	56,380
	<u>65,206,589</u>	<u>75,041,024</u>

### 9. Provisions for Liabilities and Charges

These provisions relate to rental guarantees

	£
At 1 January 1997	550,000
Less: Released during the year	<u>(550,000)</u>
At 31 December 1997	<u>-</u>

### 10. Share Capital

	31 December 1997 £	31 December 1996 £
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	<u>750,000</u>	<u>750,000</u>
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	<u>499,377</u>	<u>499,377</u>
	<u>20,956,300</u>	<u>20,956,300</u>

# Property Holding & Investment Trust Limited

## Notes to accounts (continued)

31 December 1997

### 10. Share capital (continued)

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 31 December or;
- 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.

### 11. Profit and loss account

	£
At 1 January 1997	24,023,481
Retained loss for the financial year	<u>(25,245)</u>
At 31 December 1997	<u><u>23,998,236</u></u>

### 12. Ultimate parent undertaking

Kvaerner PLC heads the smallest group in which the results of the company are consolidated.

The ultimate parent company is Kvaerner ASA which heads the largest group in which the results of the company are consolidated.

Copies of the respective financial statements can be obtained from Kvaerner PLC at St James's House, 23 King Street, London SW1Y 6QY.