

Property Holding & Investment Trust Limited

Financial Statements 31 December 1999
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 1999.

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.

Year 2000

No problems have been caused by the year 2000 "computer bug" as at the date of this report and the directors do not envisage that any problems will arise in the foreseeable future.

Results

The results for the year are set out in the profit and loss account on page 3. Retained profits of £9,133 (1998 - £2,124,307) have been transferred to reserves.

Dividends

The directors do not recommend the payment of any dividend on the issued ordinary share capital of the company in respect of the year ended 31 December 1999.

Directors

The directors of the company during the year were:

H G R Williams	(resigned 30 June 1999)
N Latham	
Trafalgar House Developments Limited	(appointed 30 June 1999)

Directors' share interests

None of the directors, at 31 December 1999, had any interests requiring to be disclosed under the Companies Act 1985. There were no changes in the directors' interests between 31 December 1999 and the date of this report. No director, during the year, had a material interest in any contract significant to the company's business.

Annual general meeting

The company has dispensed with the obligation to hold annual general meetings.

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,



N Latham
Secretary
Kvaerner House
68 Hammersmith Road
London W14 8YW
30 JUNE 2000

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, 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

The directors are responsible for preparing the Annual Report including, as described on page 1, preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the 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 1999 and of its profit 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

30 June 2000

Property Holding & Investment Trust Limited

Profit And Loss Account for the Year Ended 31 December 1999

	Note	Year ended 31 December 1999 £	Year ended 31 December 1998 £
Cost of sales	2	-	19,488
Gross profit - continuing operations		-	19,488
Net operating expenses	3	(867)	2,250,742
Operating (loss)/profit on continuing operations		(867)	2,270,230
Surplus on sale of tangible fixed assets		10,000	-
Interest payable and similar charges	4	-	(145,923)
Profit on ordinary activities before taxation		9,133	2,124,307
Taxation - on profit on ordinary activities	5	-	-
Retained profit for the financial year	9	9,133	2,124,307

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 profit for the current or prior financial year. Accordingly, a statement of total recognised gains and losses has not been prepared.

The only movement in shareholders' funds is the profit 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 1999

	Note	31 December 1999		31 December 1998	
		£	£	£	£
Fixed assets					
Investments	6		27,112,717		27,113,154
Current assets					
Debtors	7	<u>60,531,005</u>		<u>60,258,951</u>	
Creditors: Amounts falling due within one year:					
Trade creditors		-		(5,650)	
Amount owed to intermediate parent undertaking		(98,522)		(98,522)	
Amounts owed to subsidiary undertakings		(39,384,348)		(39,114,603)	
Amounts owed to fellow subsidiary undertaking		(22,965)		(22,965)	
Accruals and deferred income		(14,289)		(15,900)	
Other creditors		<u>(6,673)</u>		<u>(6,673)</u>	
		<u>(39,526,797)</u>		<u>(39,264,313)</u>	
Net current assets			<u>21,004,208</u>		<u>20,994,638</u>
Net assets			<u>48,116,925</u>		<u>48,107,792</u>
Capital and reserves					
Equity share capital			20,456,923		20,456,923
Non-equity share capital			499,377		499,377
Called up share capital	8		<u>20,956,300</u>		<u>20,956,300</u>
Equity reserves					
Share premium account			1,028,949		1,028,949
Profit and loss account	9		<u>26,131,676</u>		<u>26,122,543</u>
Shareholders' funds			<u>48,116,925</u>		<u>48,107,792</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 30 June 2000

and signed on its behalf by:



N Latham
Director

Property Holding & Investment Trust Limited

Notes to accounts 31 December 1999

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) 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 years 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.

(e) Fixed asset investments

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

(f) 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 year.

2. Cost of Sales

	Year ended 31 December 1999 £	Year ended 31 December 1998 £
Property outgoings	-	(16,207)
Prior year accruals not required	-	35,695
	<u>-</u>	<u>19,488</u>

Property Holding & Investment Trust Limited

Notes to accounts (continued) 31 December 1999

3. Net operating expenses

	Year ended 31 December 1999 £	Year ended 31 December 1998 £
Net operating expenses consist of:		
Administrative expenses	(430)	-
Amounts written off investment in subsidiary undertakings	(437)	-
Amounts written off investments in subsidiary undertakings in prior years no longer required	-	2,250,742
	<u>(867)</u>	<u>2,250,742</u>

Administration, including staff costs and auditors' remuneration, was provided by a fellow subsidiary undertaking, for which no charge was made to the company (1998 - £Nil). None of the directors received any emoluments from the company during the year (1998 - £Nil).

4. Interest payable and similar charges

	Year ended 31 December 1999 £	Year ended 31 December 1998 £
Intercompany loans	-	145,923

5. Taxation - on profit on ordinary activities

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.

6. Fixed assets - investments

Shares in subsidiary undertakings

At 1 January 1999 (cost £86,961,251)	27,113,154
Amount written off to profit and loss account	(437)
At 31 December 1999 (cost £86,961,251)	<u>27,112,717</u>

Property Holding & Investment Trust Limited

Notes to accounts (continued)

31 December 1999

6. Fixed assets – investments (continued)

The value of the investment in subsidiary undertakings based on the equity method of valuation is £45,712,561 (1998 - £45,443,253)

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 country of incorporation.

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

7. Debtors

	31 December 1999 £	31 December 1998 £
Amounts falling within one year:		
Trade debtors	-	7,261
Amount owed by parent undertaking	47,049,420	47,049,420
Amounts owed by subsidiary undertaking	3,733,589	3,733,589
Amounts owed by fellow subsidiary undertaking	9,747,996	9,468,681
	<u>60,531,005</u>	<u>60,258,951</u>

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Notes to accounts (continued)

31 December 1999

8. Share Capital

	31 December 1999 £	31 December 1998 £
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>

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.

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Notes to accounts (continued) 31 December 1999

9. Profit and loss account

	£
At 1 January 1999	26,122,543
Retained profit for the financial year	<u>9,133</u>
At 31 December 1999	<u><u>26,131,676</u></u>

10. 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, a company incorporated in Norway, 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 Kvaerner House, 68 Hammersmith Road, London W14 8YW.