HAYMILLS PROPERTY INVESTMENTS LTD

DIRECTORS, OFFICERS AND SUBSIDIARIES

DIRECTORS	J Woodhouse FCIOB (Chairman) M C Clarke MA, FCA R B Bird BSc, FRICS S J Feery BSc, FCMA H R J Burgess
SECRETARY	I A Blumberg ACIS, ATIM
REGISTERED OFFICE	Empire House Hanger Green London W5 3BD Telephone: 0181 997 5602
REGISTERED IN	London, No 115190
BANKERS	National Westminster Bank PLC 21 Golders Green Road London NW11 8EB
AUDITORS	Pannell Kerr Forster Chartered Accountants New Garden House 78 Hatton Garden London EC1N 8JA
SUBSIDIARIES	Haymills (Developments) Limited Haymills Land Developments Limited

HAYMILLS PROPERTY INVESTMENTS LTD

REPORT OF THE DIRECTORS

The directors present their annual report on the affairs of the Company for the year ended 31 March 1995.

Demerger

The new holding company for the property investment companies is Haymills Property Investments Holdings Limited. Following an Extraordinary General Meeting of Haymills Holdings Limited, held on 14 October 1994, Haymills Holdings Limited has been liquidated by a members' voluntary winding up, and a new separate holding company established for each of the operating divisions - Contracting and Property Investment.

Directors

The following served as directors during the year:

J Woodhouse FCIOB (Chairman)
R B Bird BSc, FRICS
M C Clarke MA, FCA

None of the directors had any interest in the shares of the Company which is required to be recorded in the register maintained by the Company in accordance with Section 325 of the Companies Act 1985.

All of the directors are also directors of Haymills Property Investments Holdings Limited, and their interests in the share capital of group companies are disclosed in that company's accounts.

Mr M C Clarke is a non-executive director and is a senior partner of Touche Ross & Co, Chartered Accountants.

Mr M C Clarke retires by rotation at the Annual General Meeting and being eligible offers himself for re-election.

Mr S J Feery BSc FCMA was appointed to the board on 19th June 1995.

Mr H R J Burgess was appointed to the board as a non-executive director on 1st July 1995

Review of the Business

The principal activities of the Group are property development and investment. More details of the Group's activities are contained in the Chairman's Statement on page 2.

Going Concern

After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the forseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the accounts.

HAYMILLS PROPERTY INVESTMENTS LTD

REPORT OF THE DIRECTORS *(continued)*

Profit and Dividends

The profit of the Group before tax is £1,359,000 *(1994 : £1,195,000)* and after tax £1,161,000 *(1994 : £687,000)*. Details of profit and turnover are shown in the Group Profit and Loss Account and the notes relating thereto.

After transferring £419,000 *(1994 : £60,000)* to capital reserves, a balance of £742,000 is available for distribution. The directors have proposed that a dividend of 18p per share be paid, leaving £272,000 to be added to reserves.

Fixed Assets

Details of movements in fixed assets during the year are given in Note 9.

Investment properties at 31 March 1995 are included in the financial statements at their open market value for existing use. A liability to corporation tax would arise if the properties were sold for their market value.

Auditors

Pannell Kerr Forster, retire in accordance with the Companies Act 1985 and a resolution concerning their re-appointment and remuneration will be proposed at the Annual General Meeting.

By Order of the Board

I A BLUMBERG ACIS AFMI
Secretary

26th July 1995

09-11-95

HAYMILLS PROPERTY INVESTMENTS LTD

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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

09-11-95

HAYMILLS PROPERTY INVESTMENTS LTD

AUDITORS' REPORT

To the shareholders of Haymills Property Investments Limited

PANNELL
KERR
FORSTER
CHARTERED ACCOUNTANTS

We have audited the financial statements on pages 14 to 23 which have been prepared under the accounting policies set out on page 18.

Respective responsibilities of directors and auditors

As described on page 12 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. 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 Group'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 affairs of the Company and the Group as at 31 March 1995 and of the Group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Pannell Kerr Forster

PANNELL KERR FORSTER
Chartered Accountants
Registered Auditors

New Garden House
78 Hatton Garden
London EC1N 8JA

26th July 1995

HAYMILLS PROPERTY INVESTMENTS LTD

CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 1995

	Notes	1995 £'000	1994 £'000
Turnover	1	1,593	2,580
Cost of sales	2	(304)	(938)
Gross trading profit		1,289	1,642
Profit on sale of investment properties		419	60
Interest payable less receivable	3	(68)	(225)
Administrative expenses		(281)	(282)
Profit before taxation	4	1,359	1,195
Taxation	5	(198)	(508)
Profit for the financial year	6	1,161	687
Transfer to capital reserve	15	(419)	(60)
Profit available to the shareholders		742	627
Dividends	7	(470)	(313)
Retained profit	15	272	314
Earnings per ordinary share	8	28p	24p

All amounts relate to continuing operations

Movements of reserves are shown in note 15

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HAYMILLS PROPERTY INVESTMENTS LTD

BALANCE SHEETS AT 31 MARCH 1995

		Haymills Property Investments Group		Haymills Property Investments Company	
	Notes	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Fixed Assets					
Investment properties	9	22,654	16,296	22,654	16,296
Other tangible fixed assets	9	2	2	2	2
Subsidiaries	10	-	-	115	115
		22,656	16,298	22,771	16,413
Current Assets					
Land and buildings held for development		2,134	2,274	-	-
Debtors	11	392	50	1,424	1,151
Short term deposits & investments		1,978	5,701	1,978	5,701
Cash		1	9	-	-
		4,505	8,034	3,402	6,852
Creditors					
Amounts falling due within one year	12	(1,118)	(1,361)	(1,118)	(1,294)
Net current assets		3,387	6,673	2,284	5,558
Total assets less current liabilities		26,043	22,971	25,055	21,971
Creditors					
Amounts falling due after more than one year	13	(6,000)	(3,500)	(6,000)	(3,500)
		20,043	19,471	19,055	18,471
Capital and reserves					
Called up share capital	14	2,609	2,609	2,609	2,609
Reserves	15	17,434	16,862	16,446	15,862
		20,043	19,471	19,055	18,471

On behalf of the Board

J WOODHOUSE

Directors

R B BIRD

26 July 1995

HAYMILLS PROPERTY INVESTMENTS LTD

STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 1995

	Notes	1995 £'000	1994 £'000
Net cash inflow from operating activities	(a)	861	573
Returns on investments and servicing of finance			
Interest received		258	51
Interest paid		(326)	(276)
Dividends paid		(548)	(304)
Net cash outflow from returns on investments and servicing of finance		(616)	(529)
Tax Paid		(417)	(596)
Investing activities			
Payments to acquire tangible fixed assets		(8,314)	(6,291)
Receipts from sales of tangible fixed assets		2,255	7,494
Net cash (outflow)/inflow from investing activities		(6,059)	1,203
Net cash (outflow)/inflow before financing		(6,231)	651
Financing			
Issue of new shares		-	2,312
Loan from Bank		2,500	3,500
Short term investments		3,723	(5,701)
(Decrease)/increase in cash and cash equivalents	(b)	(8)	762

a) Reconciliation of profit before taxation to net cash inflow from operating activities

	1995	1994
Profit before taxation per Profit and Loss account	1,259	1,195
Income from investments and net interest receivable	68	225
Depreciation charges	1	2
Profit on sale of fixed assets	(419)	(60)
(Increase)/decrease:		
Land and buildings held for development	140	615
Debtors	(103)	82
Balance with group undertakings	(106)	(1,604)
Other debtors	(239)	101
Creditors	162	17
Net cash inflow from operating activities	861	573

b) Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1995 £'000	Change in year £'000	1994 £'000	Change in year £'000
Cash in hand	1	(8)	9	(440)
Bank loans and overdrafts	(57)	-	(57)	1,202
(Decrease)/increase in cash and cash equivalents	(56)	(8)	(48)	762

HAYMILLS PROPERTY INVESTMENTS LTD

YEAR ENDED 31 MARCH 1995

Statement of Total Recognised Gains and Losses

	1995 £'000	1994 £'000
Group profit for the Financial Year	1,161	687
(Decrease)/increase in valuation of investment properties	(119)	1,262
Total gains recognised since last annual report	1,042	1,949

Reconciliation of Movements in Shareholders' Funds

The Group

Profit for the year	1,161	687
Dividends	(470)	(313)
	691	374
Other recognised (losses)/gains for the year	(119)	1,262
New Shares issued during the year	-	2,312
Net increase in Shareholders' Funds	572	3,948
Opening Shareholders' Funds	19,471	15,523
Closing Shareholders' Funds	20,043	19,471

Note of Historical Cost Profits and Losses

Reported profit on ordinary activities before taxation	1,359	1,195
Realisation of property revaluation gains of previous years	72	3,694
Historical cost profit on ordinary activities before taxation	1,431	4,889
Historical cost profit for the year retained after taxation and dividends	344	4,008

HAYMILLS PROPERTY INVESTMENTS LTD

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

1 Basis of financial statements
The financial statements are prepared on the historical cost basis of accounting apart from investment properties which are included at valuation.

The Group financial statements have been prepared in accordance with applicable accounting standards.

The Group financial statements include those of the parent undertaking and all its subsidiaries made up to the end of the financial year. The results of newly acquired subsidiaries are included from date of acquisition.

2 Turnover
Turnover comprises the value of rental income and proceeds of sale of development land and property.

3 Investment properties
In accordance with Statement of Standard Accounting Practice No. 19 freehold and leasehold investment properties are revalued annually to their open market value for existing use and the appropriate surplus or deficit is transferred to a revaluation reserve.

Because of the annual revaluation no depreciation or amortisation is provided. This constitutes a departure from the statutory rules requiring fixed assets to be depreciated over their useful economic lives but is necessary to enable the financial statements to give a true and fair view. Depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

4 Depreciation
As explained in statement 3 no depreciation or amortisation is provided on the Group's freehold and leasehold investment properties.

Depreciation of other fixed assets is provided on a straight-line basis at rates calculated to write off the cost of assets over their estimated useful lives. The principal annual rates used are:-

Motor vehicles	- 25 per cent
Equipment, Furniture and Fittings	- 20 to 33 per cent

5 Land and buildings held for development
Land and buildings held for development are valued at the lower of cost and net realisable value.

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HAYMILLS PROPERTY INVESTMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS

		1995 £ 000	1994 £ 000
1.	**Turnover**		
	Rents receivable	1,407	1,753
	Sales of development land and properties	186	827
		1,593	2,580
2.	**Cost of Sales**		
	Property expenses	66	211
	Cost of development land and properties sold	238	727
		304	938
3.	**Interest payable less receivable**		
	Interest payable	(326)	(276)
	Less: Interest receivable	258	51
		(68)	(225)
4.	**Profit on ordinary activities before taxation**		
	This is stated after charging the following:		
	Auditors remuneration-audit	[illegible]	10
	-other services	6	3
	Depreciation (Note 9)	1	2
	Directors emoluments	74	53
	Directors emoluments		
	Fees	1	1
	Other emoluments	69	48
	Pension fund contributions	4	4
		74	53

In addition, fees of £10,500 (1994 : nil) were paid to the professional firm in which Mr M G Clarke is a partner

	1995	1994
Detailed information (excluding pension fund contributions):-		
Chairman's emoluments	24	1
Highest paid director	46	45
Other directors emoluments		
	Number of Directors	
£0-£5,000	1	1

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

	1995 £'000	1994 £'000
Staff costs (including directors):		
Wages and salaries	84	56
Social security costs	8	6
Other pension costs	5	5
	97	67
	Average number	
Employees in the year	3	2

	£'000	£'000
5. Taxation		
Corporation tax at 33% (1994 : 33%) based on the profit for the year	313	447
Previous year adjustments	(115)	61
	198	508

6. Profit for the financial year

Haymills Property Investments Limited made a profit after taxation of £1,172,000 (1994 : £601,000). The Company has not presented its own profit and loss account as permitted by Section 230 of the Companies Act 1985.

	£'000	£'000
7. Dividends		
Ordinary Shares:		
Interim dividend paid 24 February 1995		
9p per share (1994 : nil)	235	–
Proposed Final		
9p per share (1994 : 12p)	235	313
	470	313

8. Earnings per ordinary share

The calculation of basic earnings per share is based on earnings of £742,000 (1994 : £627,000) and on 2,608,848 (1994 : 2,608,848) ordinary shares in issue.

HAYMILLS PROPERTY INVESTMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

9. Tangible fixed assets

The Group and Company	*Total* £'000	*Investment properties* £'000	*Equipment furniture & fittings* £'000
At 31 March 1994	16,333	16,296	37
Decrease in value during year	(119)	(119)	-
Additions	8,314	8,313	1
Disposals	(1,836)	(1,836)	-
At 31 March 1995	22,692	22,654	38
Cost or valuation			
At 31 March 1995 comprises:			
Cost	38	-	38
Valuation	22,654	22,654	-
	22,692	22,654	38
Accumulated depreciation			
At 31 March 1994	35	-	35
Provision for year	1	-	1
At 31 March 1995	36	-	36
Net book value			
At 31 March 1995	22,656	22,654	2
At 31 March 1994	16,298	16,296	2

A valuation of the investment properties on an open market basis for existing use is carried out annually by R B Bird, BSc FRICS, the Estates Director. In addition each material investment property is valued at least every five years on a rolling basis by an external firm of Chartered Surveyors.

	The Group		*The Company*	
Capital commitments -	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Contracted for, but not provided for in the financial statements	1,388	-	1,388	-
Authorised by the directors but not contracted for	825	-	825	-
	2,213	-	2,213	

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HAYMILLS PROPERTY INVESTMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

10. Subsidiaries

	The Company 1995 £'000	The Company 1994 £'000
Cost of shares	115	115

Subsidiaries are Haymills (Developments) Limited and Haymills Land Developments Limited

Both of the subsidiaries are registered in England and Wales and are wholly owned.

The ultimate parent undertaking is Haymills Property Investments Holdings Limited, registered in England and Wales. Group accounts are prepared and copies are available from Companies House, Cardiff CF4 3UZ.

11. Debtors

	The Group		The Company	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Amounts due within one year:-				
Trade debtors	135	32	135	30
Subsidiary undertakings	-	-	1,034	1,104
Other debtors	245	1	244	1
Prepayments and accrued income	12	17	11	16
	392	60	1,424	1,151

12. Creditors

	The Group		The Company	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Amounts falling due within one year:-				
Bank overdrafts	57	57	57	45
Parent undertaking	149	257	149	257
Other creditors	13	10	12	7
Taxation and social security	272	489	281	453
Accruals and deferred income	392	235	384	219
Proposed dividends	235	513	235	313
	1,118	1,561	1,118	1,294

13. Creditors

	The Group 1995 £'000	The Group 1994 £'000	The Company 1995 £'000	The Company 1994 £'000
Amounts falling due after more than one year:-				
Bank loans	6,000	3,500	6,000	3,500

The bank loans comprise a 5 year loan, repayable July 1998, interest charged at 1.5% over base rate fixed at 8.7% for the first 3 years, and a 5 year loan, repayable January 2000 at a fixed rate of 9.625%.

The bank loans are secured against certain of the Group's investment properties.

HAYMILLS PROPERTY INVESTMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

14. Called-up share capital

	Authorised £'000	Allotted and fully paid £'000
Ordinary Shares of £1 each		
At 31 March 1994 and 31 March 1995	3,000	2,609

15. Reserves

Group	Total £'000	Profit and loss account £'000	Property revaluation reserve £'000	Capital reserve £'000
At 31 March 1994	16,862	3,380	5,823	7,659
Retained profit for the year	272	272	-	-
Decrease in valuation during the year	(119)	-	(119)	-
Revaluation surplus realised on disposal of investment property during the year	-	-	(72)	72
Transfer from profit and loss account	419	-	-	419
At 31 March 1995	17,434	3,652	5,632	8,150

Company	Total £'000	Profit and loss account £'000	Property revaluation reserve £'000	Capital reserve £'000
At 31 March 1994	15,862	2,785	5,189	7,888
Retained profit for the year	284	284	-	-
Decrease in valuation during the year	(119)	-	(119)	-
Revaluation surplus realised on disposal of investment property during the year	-	-	(72)	72
Transfer from profit and loss account	419	-	-	419
At 31 March 1995	16,446	3,069	4,998	8,379

The property revaluation reserve comprises the surplus on revaluation of the Group's investment properties which if realised at 31 March 1995 would give rise to a maximum taxation liability of £750,000

In accordance with the Memorandum and Articles of Association, net surpluses on the disposal of investment properties are required to be transferred to the capital reserve account

HAYMILLS PROPERTY INVESTMENTS LTD

GROUP FIVE YEAR SUMMARY

	1995 £'000	1994 £'000	1993 £'000	1992 £'000	1991 £'000
Turnover	1,593	2,580	1,883	1,592	1,372
Profit before exceptional items	1,359	1,195	1,039	1,204	898
Exceptional items	-	-	(235)	(487)	
Profit before taxation	1,359	1,195	804	717	898
Taxation	198	508	237	250	296
	1,161	687	567	467	602
Available to the shareholders	742	627	449	189	551
Cost of dividends	470	313	308	291	260
Retained by the Group	272	314	141	(102)	291
Investment properties at valuation	22,654	16,296	16,177	16,094	15,637
Other tangible fixed assets	2	2	4	11	22
Current assets	4,505	8,034	3,571	2,988	2,352
Current liabilities	(1,118)	(1,361)	(4,229)	(2,916)	(2,585)
Creditors due after one year	(6,000)	(3,500)	-	-	-
Net assets	20,043	19,471	15,523	16,177	15,426
Financed by:					
Called up share capital	2,609	2,609	297	297	297
Reserves	17,434	16,862	15,226	15,880	15,129
Capital employed	20,043	19,471	15,523	16,177	15,426
Net assets per share *	768p	746p	595p	620p	591p
Shareholders' return					
Earnings per ordinary share *	28p	24p	22p	7p	23p
Dividends per ordinary share *	18p	12p	12p	11p	10p

* Figures for 1991 - 3 have been adjusted to take account of the bonus issue of shares in 1994.