

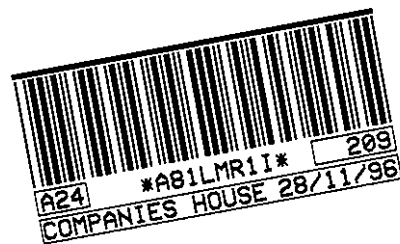
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MINERVA PLC

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST JULY 1996



GERALD EDELMAN

CHARTERED ACCOUNTANTS

25 HARLEY STREET · LONDON W1N 2BR

TELEPHONE 0171 637 8555 · FAX 0171 631 0917

MINERVA PLC

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 1996

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MINERVA PLC

REPORT OF THE DIRECTORS

The directors submit their report together with the financial statements for the period ended 31st July 1996.

RESULTS AND DIVIDENDS

The net loss for the period amounted to £4,700,000. Shareholders' funds increased during the period by £27,926,000. The directors do not recommend the payment of a dividend in respect of the period.

On 19th July 1996, a facility of £78.75m was concluded with BHF Bank AG and the proceeds applied in repayment of the majority of the syndicated loans arranged by Chemical Bank (now Chase Manhattan Bank) which were due to mature in April 1997. An extension of the existing loan from DePfa Bank from March 1997 to June 2001 has also been agreed and documented. Additionally, terms were agreed with Chemical bank whereby they converted certain subordinated debt into shares in the company. There has been a resultant significant increase in the net assets of the company as first indicated in the Chairman's Statement in the accounts for the period ended 30th June 1995.

REVIEW OF THE BUSINESS

The principal activity of the Group in the period under review was the holding of commercial property throughout the United Kingdom primarily for investment purposes. A small proportion of the properties held as dealing stock was transferred to fixed asset investments during the period.

FIXED ASSETS

Details of movement in fixed assets are disclosed in notes 8 to 12 of the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors during the period and their interests, including family interests, in the share capital of the company were as follows:-

	<u>At 31st July 1996</u>		<u>At 30th June 1995</u>
	<u>Preference shares</u>	<u>Ordinary shares</u>	<u>Ordinary shares</u>
D.E. Garrard (Chairman)	3,067,026	6,059,475	6,059,475
A.I. Rosenfeld	1,299,453	1,692,000	1,692,000
P.A. Coster	251,570	497,025	497,025
G.W. Sharp - resigned 5th October 1995	N/A	N/A	1,692,000

After the balance sheet date, W.S.C. Richard and C.J. Sheridan were appointed as directors of the company.

DATED 21 November 1996

ON BEHALF OF THE BOARD

(D.E. GARRARD)
CHAIRMAN

MINERVA PLC

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The directors are required by United Kingdom company law 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 as at the end of the financial period and of the results of the group for that period.

The directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates have been used in the preparation of the financial statements and that applicable accounting standards have been followed. The financial statements have been prepared on the going concern basis.

The directors are also responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and 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 preventing and detecting fraud and other irregularities.

ON BEHALF OF THE BOARD



.....
(P. COSTER)

DATED 21 November 1996

MINERVA PLC

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF MINERVA PLC

We have audited the financial statements on pages 4 to 21 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 9 and 10.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 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

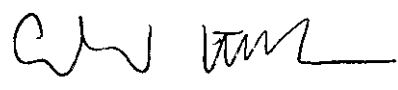
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 mis-statement, 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 31st July 1996 and of the results of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

25 Harley Street
London W1N 2BR


GERALD EDELMAN
REGISTERED AUDITOR AND
CHARTERED ACCOUNTANTS

21 November 1996

MINERVA PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST JULY 1996

		13 months ended 31st July		Year ended 30th June	
	<u>Note</u>	<u>1996</u>	<u>1995</u>		
		£'000	£'000	£'000	£'000
Gross rental income		26,652		25,433	
Net property outgoings		(3,304)		(3,167)	
		<hr/>		<hr/>	
<u>Net revenue from properties</u>			23,348		22,266
Cost of sales			-		254
			<hr/>		<hr/>
<u>Gross profit</u>			23,348		22,520
Administrative expenses			(3,264)		(3,558)
			<hr/>		<hr/>
			20,084		18,962
Other operating income			145		245
			<hr/>		<hr/>
<u>Operating profit</u>	2		20,229		19,207
Exceptional items	3		(473)		-
Loss on disposal of investment property			(569)		
Interest receivable	4	154		101	
Interest payable	5	(24,041)		(29,519)	
		<hr/>		<hr/>	
			(23,887)		(29,418)
			<hr/>		<hr/>
<u>Net loss for the financial period</u>	7,23		(4,700)		(10,211)
			<hr/>		<hr/>

There have been no acquisitions or discontinued operations during the period. The results shown above for this period and the prior year therefore relate to continuing operations.

MINERVA PLC

CONSOLIDATED BALANCE SHEET AS AT 31ST JULY 1996

	<u>Note</u>	<u>31st July</u> <u>1996</u> £'000	<u>30th June</u> <u>1995</u> £'000
<u>FIXED ASSETS</u>			
Tangible assets:			
Investment properties	8	307,500	323,780
Other fixed assets	9	167	148
Investments:			
Associated undertakings	11	1	1
Other	12	3,106	-
		<hr/>	<hr/>
		310,774	323,929
		<hr/>	<hr/>
<u>CURRENT ASSETS</u>			
Realisable investment properties		-	13,685
Trading properties		-	570
Debtors	13	1,841	6,284
Cash at bank and in hand	14	1,504	2,734
		<hr/>	<hr/>
		3,345	23,273
<u>CREDITORS: AMOUNTS FALLING DUE</u>			
<u>WITHIN ONE YEAR</u>	15	(35,922)	(60,043)
		<hr/>	<hr/>
<u>NET CURRENT LIABILITIES</u>		(32,577)	(36,770)
		<hr/>	<hr/>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		278,197	287,159
		<hr/>	<hr/>
<u>CREDITORS: AMOUNTS FALLING DUE AFTER</u>			
<u>MORE THAN ONE YEAR</u>	16,17,18	(208,089)	(244,977)
		<hr/>	<hr/>
		70,108	42,182
		<hr/>	<hr/>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	19	25,374	9,940
Share premium account	20	6,999	-
Revaluation reserve	21	41,832	60,500
Other reserves	22	27,355	2,960
Profit and loss account	23	(31,452)	(31,218)
		<hr/>	<hr/>
<u>Total shareholders' funds</u>		70,108	42,182
		<hr/>	<hr/>
Equity shareholders' funds		65,907	42,182
Non-equity shareholders' funds		4,201	-
		<hr/>	<hr/>
		70,108	42,182
		<hr/>	<hr/>

21 The financial statements on pages 4 to 21 were approved by the board of directors on November 1996 and were signed on its behalf by:

DIRECTOR.....
(D.E. GARRARD)

DIRECTOR.....
(A.I. ROSENFELD)

MINERVA PLC

PARENT COMPANY BALANCE SHEET AS AT 31ST JULY 1996

	Note	31st July 1996 £'000	30th June 1995 £'000
<u>FIXED ASSETS</u>			
Investments:			
Subsidiary undertakings	10	88,690	9,940
<u>CURRENT ASSETS</u>			
Debtors	13	50,958	31,254
<u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	15	(963)	(5,642)
<u>NET CURRENT ASSETS</u>		49,995	25,612
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		138,685	35,552
<u>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u>	16,17,18	(96,312)	(15,930)
		42,373	19,622
<u>CAPITAL AND RESERVES</u>			
Called up share capital	19	25,374	9,940
Share premium account	20	6,999	-
Profit and loss account	23	10,000	9,682
<u>Total shareholders' funds</u>		42,373	19,622
Equity shareholders' funds		38,182	19,622
Non-equity shareholders' funds		4,201	-
		42,373	19,622

21 The financial statements on pages 4 to 21 were approved by the board of directors on November 1996 and were signed on its behalf by:

DIRECTOR.....
(A. I. ROSENFELD)

DIRECTOR.....
(D.E. GARRARD)

MINERVA PLC

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 1996

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	13 months ended 31st July 1996 £'000	Year ended 30th June 1995 £'000
Net loss for the financial period	(4,700)	(10,211)
Unrealised (deficit)/surplus on revaluation of properties	(14,202)	938
	<hr/>	<hr/>
Total recognised losses for the period	(18,902)	(9,273)
	<hr/>	<hr/>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	13 months ended 31st July 1996 £'000	Year ended 30th June 1995 £'000
Reported net loss for the period	(4,700)	(10,211)
Realisation of revaluation surplus of previous years on properties sold in the period	4,466	-
	<hr/>	<hr/>
Historical cost net loss for the period	(234)	(10,211)
	<hr/>	<hr/>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	13 months ended 31st July 1996 £'000	Year ended 30th June 1995 £'000
Total recognised losses for the period	(18,902)	(9,273)
New shares issued	22,433	-
Reserve arising on shares issued by subsidiary undertakings	24,395	-
	<hr/>	<hr/>
Net movement on shareholders' funds	27,926	(9,273)
Shareholders' funds at 30th June 1995	42,182	51,455
	<hr/>	<hr/>
Shareholders' funds at 31st July 1996	70,108	42,182
	<hr/>	<hr/>

MINERVA PLC

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST JULY 1996

	<u>Note</u>	13 months ended 31st July <u>1996</u> £'000 £'000	Year ended 30th June <u>1995</u> £'000 £'000
Net cash movement from operating activities	28	12,927	20,431
<u>Returns on investments and servicing of finance</u>			
Interest received		150	106
Interest paid		(24,562)	(28,496)
Interest element of hire purchase rental payments		(13)	(5)
		<hr/>	<hr/>
<u>Net cash movement from returns on investments and servicing of finance</u>		(24,425)	(28,395)
<u>Investing activities</u>			
Acquisition of investment properties		(1,810)	(177)
Acquisition of tangible fixed assets		(31)	(45)
Receipts from sales of investment properties		14,460	-
Receipts from sales of tangible fixed assets		35	21
		<hr/>	<hr/>
<u>Net cash movement from investing activities</u>		12,654	(201)
		<hr/>	<hr/>
<u>Net cash movement before financing</u>		1,156	(8,165)
		<hr/>	<hr/>
<u>Financing</u>			
Issue of shares capital	28	(22,433)	-
New long term loans	28	(130,158)	-
Issue costs of new long term loans	28	1,970	-
Repayment of long term loans	28	153,074	(8,191)
Repayments of capital element of hire purchase rental	18	63	17
		<hr/>	<hr/>
<u>Net cash movement from financing</u>		2,516	(8,174)
		<hr/>	<hr/>
Movement in cash and cash equivalents	28	(1,360)	9
		<hr/>	<hr/>
		1,156	(8,165)
		<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 1996

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared in accordance with the historical cost convention, as modified by the inclusion of investment properties at valuation, and in accordance with applicable accounting standards.

Consolidation

The audited financial statements of the company and its subsidiary undertakings have been consolidated. The consolidated financial statements include the group's interest in the results of associated undertakings by reference to their latest available financial statements.

In accordance with S230 of the Companies Act 1985, a separate profit and loss account for the company is not presented.

Acquisitions, disposals and goodwill

Where subsidiary and associated undertakings are acquired or disposed of during a period, the group profit and loss account includes their results from or to date of acquisition or disposal.

Goodwill arising on consolidation, representing the excess of purchase consideration over the fair value of the net assets acquired, is written off against reserves in the period of acquisition.

Investment property

In accordance with Statement of Standard Accounting Practice No.19.

- i) Properties held for investment are periodically revalued. Where the revaluation is adopted in the financial statements any net surpluses are transferred to revaluation reserve.
- ii) No provision is made for depreciation or amortisation of properties held for investment purposes. The directors consider that this accounting policy (which represents a departure from the accounting requirements of the Companies Act 1985) is necessary for the financial statements to show a true and fair view.

Fixed asset investments

Fixed asset investments are included at cost. Where the value of these investments is below cost, the deficit is written off to the profit and loss account. If the diminution in value is not considered to be permanent, no such write off is made.

Realisable investment property

Investment property which is sold in the period following the balance sheet date are transferred from fixed assets and included in current assets at their realisable value.

Trading properties

Properties which are held for development or trading are included at the lower of cost and net realisable value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 1996

(CONTINUED)

1. ACCOUNTING POLICIES - (continued)Loan issue costs

In accordance with Financial Reporting Standards 4 "Capital Instruments" bank loans are included in the financial statements net of issue costs, which will be amortised over the life of the loan.

Depreciation and amortisation

Fixed assets other than investment properties are depreciated on the reducing balance method at the following annual rates:

Motor vehicles	33 per cent
Fixtures and fittings	20 per cent

Deferred taxation

Deferred taxation is computed under the liability method on short-term timing differences.

Leases and hire purchase commitments

Assets acquired under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged to the profit and loss account over the period of the lease on a straight line basis.

Rentals payable under operating leases are charged to the profit and loss account over the lease term on a straight line basis.

Pension costs

The group operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they are incurred.

	13 months ended 31st July 1996 £'000	Year ended 30th June 1995 £'000
2. <u>OPERATING PROFIT</u>		
Operating profit is stated after charging/(crediting):		
Auditors' remuneration	49	39
Depreciation	80	60
Leasing and hire of equipment	5	10
Operating lease rentals - buildings	1,322	1,199
Profit on sale of tangible fixed assets	(9)	(10)
Staff costs:		
Salaries and wages	595	592
Social security costs	65	69
Other pension costs	6	8
	666	669

MINERVA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 1996
(CONTINUED)

2. <u>OPERATING PROFIT</u> - (continued)	13 months ended 31st July 1996 <u>Number</u>	Year ended 30th June 1995 <u>Number</u>
The average number of employees during the period was	16	16
Staff costs include amounts paid and provided for directors' emoluments, together with pension contributions, in total amounting to:	£243,667	£300,000
Chairman	£ -	£ -
Highest paid director	£108,333	£100,000
<u>Other directors:</u>	<u>Number</u>	<u>Number</u>
£ 20,001 - £ 25,000	1	-
£ 95,001 - £100,000	-	2
£105,001 - £110,000	1	-
3. <u>EXCEPTIONAL ITEMS</u>	£'000	£'000
Liability under a deed of undertaking (note 27(c))	1,000	-
Loans written off	(527)	-
	473	-
4. <u>INTEREST RECEIVABLE</u>		
Bank interest	116	78
Other interest	38	23
	154	101
5. <u>INTEREST PAYABLE</u>		
Interest on bank loans and other loans repayable within five years	29,255	29,512
Other interest	13	7
Interest on other loans written back	(5,227)	-
	24,041	29,519

MINERVA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 1996
(CONTINUED)

6. TAXATION

No liability to UK Corporation tax arises as, subject to Inland Revenue agreement, the group has losses available.

Investment properties are held as long term investments. Therefore, no provision has been made for taxation which might become payable if the properties were sold at the amounts at which they are stated in the financial statements. If all the properties were disposed of, the taxation liability to the group could amount to approximately £1.3 million (1995 - £8.3 million).

	13 months ended 31st July 1996 £'000	Year ended 30th June 1995 £'000
7. <u>NET LOSS FOR THE FINANCIAL PERIOD</u>		
The Group loss is attributable to:		
Minerva Plc - profit	318	(1,188)
Subsidiary undertakings	(5,018)	(9,023)
	<hr/>	<hr/>
	(4,700)	(10,211)
	<hr/>	<hr/>

8. INVESTMENT PROPERTIES

<u>The Group</u>	<u>Total</u> £'000	<u>Freehold</u> £'000	<u>Long leasehold</u> £'000
Valuation - 1st July 1995	323,780	198,150	125,630
Additions at cost	2,372	2,372	-
Disposals	(4,450)	-	(4,450)
Reclassification	-	4,500	(4,500)
Revaluation deficit	(14,202)	(4,372)	(9,830)
	<hr/>	<hr/>	<hr/>
Valuation - 31st July 1996	307,500	200,650	106,850
	<hr/>	<hr/>	<hr/>

The investment properties were valued by the directors on an open market basis as at 31st July 1996. The historical cost of properties at 31st July 1996 was £249,320,000 (1995 - £249,248,000). The total amount of interest capitalised as part of the cost of investment properties at 31st July 1996 was £34,464,707 (1995 - £34,464,707).

MINERVA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 1996

(CONTINUED)

9. OTHER FIXED ASSETS

<u>The Group</u>	<u>Short leasehold</u>		<u>Fixtures and</u>	<u>Motor</u>
<u>Cost</u>	<u>Total</u>	<u>property</u>	<u>Fittings</u>	<u>Vehicles</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
At 1st July 1995	308	7	89	212
Additions	125	-	72	53
Disposals	(78)	-	-	(78)
At 31st July 1996	355	7	161	187
<u>Depreciation</u>				
At 1st July 1995	160	3	44	113
Charge for the period	80	1	45	34
Written back on disposals	(52)	-	-	(52)
At 31st July 1996	188	4	89	95
<u>Net book value at 31st July 1996</u>	<u>167</u>	<u>3</u>	<u>72</u>	<u>92</u>
<u>Net book value at 30th June 1995</u>	<u>148</u>	<u>4</u>	<u>45</u>	<u>99</u>

Included in fixed assets are motor vehicles and fixtures and fittings acquired under finance leases and hire purchase contracts, with net book value of £108,000 and the charge for depreciation for the period of £64,000.

10. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

<u>Parent company</u>	<u>Total</u>	<u>Shares</u>	<u>Loans</u>
	<u>£'000</u>	<u>at cost</u>	<u>£'000</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
At 1st July 1995	9,940	9,940	-
Additions	78,750	-	78,750
At 31st July 1996	88,690	9,940	78,750

The principal subsidiary undertakings, whose main activities are property investment and development, are incorporated in Great Britain and registered in England and are as follows:-

	<u>Ordinary capital</u>	
	<u>% held</u>	
	<u>Directly</u>	<u>Indirectly</u>
Anglemist Limited		100
Croydon Plaza Limited		100
Helios Property Investments Limited		100
Larchfield Investments Limited		100
Minerva Corporation Plc	100	
M1 Limited		100
M6 Limited		100
Shroco Limited		100
Sparrage Properties Limited		100
Twin Tower Properties Limited		100

MINERVA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 1996
(CONTINUED)

11. <u>INVESTMENT IN ASSOCIATED UNDERTAKINGS</u>	<u>The Group</u>		<u>Parent Company</u>	
	31st July 1996	30th June 1995	31st July 1996	30th June 1995
	£'000	£'000	£'000	£'000
Shares at cost	1	1	-	-

The group owns 50 per cent of the ordinary share capital of Moscow Minerva Limited which is incorporated in Great Britain and registered in England. This company has remained inactive during the period. The cost of the group's investment in this company is £500.

12. <u>OTHER INVESTMENTS</u>	<u>Total</u> £'000	<u>Listed</u> £'000	<u>Unlisted</u> £'000
<u>Cost</u>			
At 1st July 1995	-	-	-
Additions	3,106	1,331	1,775
At 31st July 1996	3,106	1,331	1,775

The market value of the listed investment at 31st July 1996 was £814,000. The unlisted investment represents a loan note due from the listed investment and is either convertible into shares or due for repayment by 6th September 1997.

13. <u>DEBTORS</u>	<u>The Group</u>		<u>Parent Company</u>	
	31st July 1996	30th June 1995	31st July 1996	30th June 1995
	£'000	£'000	£'000	£'000
Amounts owed by subsidiary undertakings	-	-	50,732	29,392
Other debtors	1,359	2,726	-	-
Prepayments and accrued income	482	3,558	226	1,862
	1,841	6,284	50,958	31,254
Amounts falling due after one year included above:				
Prepayments and accrued income	10	9	-	-

14. CASH AT BANK AND IN HAND

Cash at bank includes £1,328,459 (1995 - £2,511,816) retained in rent accounts and not readily available to the group for day to day commercial purposes.

MINERVA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 1996
(CONTINUED)

15. <u>CREDITORS: AMOUNTS FALLING</u> <u>DUE WITHIN ONE YEAR</u>	<u>The Group</u>		<u>Parent Company</u>	
	31st July 1996	30th June 1995	31st July 1996	30th June 1995
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (note 16)	27,010	50,548	-	5,354
Amounts owed to subsidiary undertakings	-	-	170	57
Taxation and social security	175	210	-	-
Hire purchase creditors (note 18)	59	52	-	-
Other creditors	2,554	820	354	-
Accruals and deferred income	6,124	8,413	439	231
	<u>35,922</u>	<u>60,043</u>	<u>963</u>	<u>5,642</u>

16. <u>CREDITORS: AMOUNTS FALLING</u> <u>DUE AFTER MORE THAN ONE YEAR</u>	<u>The Group</u>		<u>Parent Company</u>	
	31st July 1996	30th June 1995	31st July 1996	30th June 1995
	£'000	£'000	£'000	£'000
Bank loans	190,999	229,930	79,312	10,382
Other loans (note 17)	17,000	-	17,000	-
Hire purchase creditors (note 18)	90	62	-	-
Other creditors	-	9,759	-	4,926
Accruals and deferred income	-	5,226	-	622
	<u>208,089</u>	<u>244,977</u>	<u>96,312</u>	<u>15,930</u>

The bank loans are secured upon the deeds of title of properties held by the subsidiary undertakings, by a floating charge over the remaining assets of the subsidiary undertakings, and by a fixed charge over bank deposit accounts into which rent, service charge and VAT are paid. The bank loans are also secured by a fixed charge over the company's shareholding in Minerva Corporation Plc and a floating charge over all of the company's assets.

The bank loans are repayable as follows:

	<u>The Group</u>		<u>Parent Company</u>	
	31st July 1996	30th June 1995	31st July 1996	30th June 1995
	£'000	£'000	£'000	£'000
Within one year or on demand	27,010	50,548	-	5,354
Between one and two years	-	229,930	-	10,382
Between two and five years	192,011	-	80,083	-
	<u>219,021</u>	<u>280,478</u>	<u>80,083</u>	<u>15,736</u>
<u>Less: Unamortised issue costs</u>	<u>(1,012)</u>	<u>-</u>	<u>(771)</u>	<u>-</u>
	<u>218,009</u>	<u>280,478</u>	<u>79,312</u>	<u>15,736</u>

MINERVA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 1996
(CONTINUED)

17. OTHER LOANS

Repayment of long term loans is analysed as follows:-

	<u>The Group</u>		<u>Parent Company</u>	
	31st July 1996	30th June 1995	31st July 1996	30th June 1995
	£'000	£'000	£'000	£'000
Between two and five years	17,000	-	17,000	-

The long term loans of £17 million are secured by a fixed charge over the listed and unlisted investments (note 12) and a floating charge over the company's shareholding in Minerva Corporation Plc. The loans of £17 million are repayable by July 2001. The loans were issued at a zero coupon. Upon a listing, interest will accrue at 1% over the then prevailing redemption yield rate for 7% Treasury Gilt 2001.

18. <u>OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS</u>	<u>31st July 1996</u> £'000	<u>30th June 1995</u> £'000
Amounts payable:		
Within one year	59	52
Within 2 to 5 years	90	62
	<hr/>	<hr/>
	149	114
<u>Less: Finance charges allocated to future periods</u>	(22)	(18)
	<hr/>	<hr/>
	127	96
	<hr/>	<hr/>
Analysis of changes in leases and hire purchase contracts during the period		
At 1st July 1995	96	47
Capital elements of leases and hire purchase payments	(63)	(17)
Inception of hire purchase contracts	94	66
	<hr/>	<hr/>
At 31st July 1996	127	96
	<hr/>	<hr/>

MINERVA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 1996
(CONTINUED)

19. <u>CALLED UP SHARE CAPITAL</u>	31st July 1996 Number	30th June 1995 Number	31st July 1996 £'000	30th June 1995 £'000
<u>Authorised</u>				
Ordinary shares of £1 each	14,910,750	10,000,000	14,911	10,000
Preference shares of £1 each	6,262,515	-	6,262	-
Redeemable preference shares of £1 each	4,200,000	-	4,200	-
Deferred shares of £1 each	1,000	-	1	-
			<hr/> 25,374	<hr/> 10,000
			<hr/>	<hr/>
	31st July 1996 Number	30th June 1995 Number	31st July 1996 £'000	30th June 1995 £'000
<u>Issued and fully paid</u>				
Ordinary shares of £1 each	14,910,750	9,940,500	14,911	9,940
Preference shares of £1 each	6,262,515	-	6,262	-
Redeemable preference shares of £1 each	4,200,000	-	4,200	-
Deferred shares of £1 each	1,000	-	1	-
			<hr/> 25,374	<hr/> 9,940
			<hr/>	<hr/>

- a) On 3rd June 1996, the company increased its authorised share capital by £4,175,010 to £14,175,010 by the creation of 4,175,010 preference shares of £1 each. On the same day, these shares were issued at par for cash.
- b) On 18th July 1996, the company increased its authorised share capital by £11,199,255 to £25,374,265 by the creation of 4,910,750 new ordinary shares of £1 each, 2,087,505 new preference share of £1 each, 4,200,000 redeemable preference shares of £1 each and 1,000 deferred shares of £1 each.

On 19th July 1996, the following shares were issued:-

4,970,250	Ordinary shares of £1 each at par and
2,087,505	Preference shares of £1 each at par

The ordinary shares and preference shares were allotted in consideration of the release by one of the group's lenders of £7,057,755 of debt due.

4,200,000	Redeemable preference shares of £1 each at par for cash
1,000	Deferred shares of £1 each at £7,000 per share, for cash.

Preference share rights

The preference shares entitle the holder to 25 votes for every £1 nominal amount of share capital. The preference shares rank pari passu with the ordinary shares to a dividend of £25 for every £1 of dividend payable on an ordinary share or in such proportions in respect of dividends for lesser amounts. On a winding up of the company, the preference shareholders, in priority to any return of capital on any other class of shares, other than redeemable preference shares, are entitled to receive the capital paid up thereon together with £24 in respect of each preference share held, together with any further amount equal to 25 times the distribution payable to the ordinary shareholder in excess of the amount paid up.

MINERVA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 1996
(CONTINUED)

18. CALLED UP SHARE CAPITAL - (continued)

Redeemable preference share rights

The redeemable preference shares carry no rights to a dividend unless either the company or one of its subsidiaries is listed. At that time, the redeemable preference shares become entitled to a fixed cumulative preferential dividend of 1% over the redemption yield for 7% Treasury Gilt 2001, payable half yearly in arrears on 30th June and 31st December. The redeemable preference shares carry no votes at meetings. The shares may be redeemed at par by the company at any time and at the latest by 18th July 2001. On a listing, the company will redeem 50% of the redeemable preference shares in issue at that date at par. On a winding up of the company, the redeemable preference shareholders have a right to receive, in preference to payments to any other shareholders, £1 per share plus accrued dividend.

Deferred share rights

The deferred shares carry no votes at a meeting nor are they entitled to receive a dividend. On a winding up, the deferred shareholder is only entitled to the repayment of the amount paid up on the deferred share after payment in respect of each ordinary share, each preference share and each redeemable preference share of the capital paid up on it and in respect of each preference share the further sum of £1,000,000 and in respect of each ordinary share the further sum of £40,000.

	31st July 1996 £'000	30th June 1995 £'000
Analysis of changes in share capital during the period:		
At 1st July 1995	9,940	9,940
Net cash inflow from financing	15,434	-
	<hr/>	<hr/>
At 31st July 1996	25,374	9,940
	<hr/>	<hr/>

20. SHARE PREMIUM ACCOUNT

At 1st July 1995	-	-
On shares issued in period	6,999	-
	<hr/>	<hr/>
At 31st July 1996	6,999	£ -
	<hr/>	<hr/>

	The Group 31st July 1996 £'000	30th June 1995 £'000	Parent Company 31st July 1996 £'000	30th June 1995 £'000
21. <u>REVALUATION RESERVE</u>				
At 1st July 1995	60,500	59,562	-	-
Transfer to profit and loss account	(4,466)	-	-	-
Revaluation (deficit)/surplus	(14,202)	938	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st July 1996	41,832	60,500	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

MINERVA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 1996
(CONTINUED)

22. <u>OTHER RESERVE</u>	31st July 1996	30th June 1995
<u>The Group</u>	£'000	£'000
At 1st July 1995	2,960	2,960
On shares issued by subsidiary undertakings in period	24,395	-
At 31st July 1996	27,355	2,960

	<u>The Group</u>		<u>Parent Company</u>	
	31st July 1996	30th June 1995	31st July 1996	30th June 1995
23. <u>PROFIT AND LOSS ACCOUNT</u>	£'000	£'000	£'000	£'000
Balance at 1st July 1995	(31,218)	(21,007)	9,682	10,870
Transfer from revaluation reserve	4,466	-	-	-
(Net loss)/retained profit for the period	(4,700)	(10,211)	318	(1,188)
Balance at 31st July 1996	(31,452)	(31,218)	10,000	9,682

24. DIRECTORS' INTERESTS

- a) During the period, the balance due to Mr D. Garrard of £785,832 included in creditors falling due after more than one year as at 30th June 1995 was repaid in full. At the time of repayment, total interest accrued but unpaid of £995,625 was waived. Interest charged to the profit and loss account for the period was £Nil (1995 - £178,393).
- b) Included in the financial statements is an amount of £359,420 (1995 - £101,157) due to Antares Properties Limited, a company in which D.E. Garrard and A. Rosenfeld jointly have a material interest.

25. CAPITAL COMMITMENTS

There was no material capital expenditure approved by the Board and contracted for at 31st July 1996.

26. COMMITMENTS UNDER OPERATING LEASES

The amounts due in respect of operating leases on buildings falling due within the next twelve months are as follows:-

	31st July 1996	30th June 1995
	£'000	£'000
Under leases expiring in more than five years	1,129	1,263

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 1996
(CONTINUED)

27. CONTINGENT LIABILITIES

- a) The company has provided its bank with a counter indemnity in respect of a standby letter of credit issued by the bank for the amount of £961,234 on behalf of the company.
- b) The company has guaranteed the facilities of certain of its subsidiary undertakings which at the balance sheet date amounted to £96,500,000.
- c) On the disposal of Metis Properties Limited and Novoquote Limited in 1994, the group entered into a Deed of Undertaking under which it would pay to Bankers Trust the purchaser, a maximum amount of £6,250,000 plus interest at 7% per annum, three years from the date of disposal, in the event that Bankers Trust suffer a loss on disposal of the property portfolio owned by the two companies against the debt outstanding. The group also had participation in any profit achieved.

In September 1996, the group came to an arrangement with Bankers Trust to pay the amount of £1,000,000 in full and final settlement of this Deed of Undertaking. If this amount is not paid by 31st March 1997, the liability increases to £1,300,000 and after 30 June 1997 the original agreement will remain in place if the increased amount is still outstanding. £1 million has been provided in the financial statements of the group at 31st July 1996.

- d) Pursuant to a deed of indemnity dated 19th July 1996, the company and Minerva Corporation Plc jointly and severally covenanted to indemnify Eagle Star against any claim made under the indemnity policy issued by Eagle Star in favour of The Chase Manhattan Bank relating to any deficit arising in connection with the £25.5 million loan facility provided to Croydon Plaza Limited by Chase.

28. CASH FLOW STATEMENT

	13 months ended 31st July 1996 £'000	Year ended 30th June 1995 £'000
a) <u>Reconciliation of operating profit to net cash movement from operating activities</u>		
Operating profit	20,229	19,207
Depreciation charges	80	60
Profit on sale of tangible fixed assets	(9)	(10)
Movement in debtors	4,459	1,065
Movement in creditors	(11,832)	109
	<hr/>	<hr/>
<u>Net cash movement from operating activities</u>	12,927	20,431
	<hr/>	<hr/>
b) <u>Analysis of changes in cash and cash equivalents during the period</u>		
Balance at 1st July 1995	2,734	2,725
Net cash movement	(1,360)	9
	<hr/>	<hr/>
Balance at 31st July 1996	1,374	2,734
	<hr/>	<hr/>

MINERVA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 1996
(CONTINUED)

28. CASH FLOW STATEMENT - (continued)

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

	At 31st July 1996	At 30th June 1995	Change in period	At 30th June 1995	At 30th June 1994	Change in year
	£'000	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	1,504	2,734	(1,230)	2,734	2,725	9
Bank overdraft	(130)	-	(130)	-	-	-
	<u>1,374</u>	<u>2,734</u>	<u>(1,360)</u>	<u>2,734</u>	<u>2,725</u>	<u>9</u>

	13 months ended 31st July 1996	Year ended 30th June 1995
	£'000	£'000
d) <u>Analysis of changes in financing during the period</u>		
<u>Bank and other loans</u>		
At 1st July 1995	280,478	272,287
Net cash inflow from financing	128,188	8,191
Repayment of long term loans	(153,074)	-
Amortisation of issue costs	958	-
Loans converted into share capital	(21,671)	-
	<u>234,879</u>	<u>280,478</u>
e) <u>Net cash inflow from share capital issued</u>		
Nominal value of shares issued	15,434	-
Share premium	6,999	-
	<u>22,433</u>	<u>-</u>

29. COMPARATIVE FIGURES

The comparative figures are for the year ended 30th June 1995.