34/829

The Group's primary objective remains to achieve capital growth by long term investment in substantial retail property assets

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COMPANIES HOUSE 20/06/95

	1994 £'000	1993 £'000	% *change*
Property income	**4,817**	3,919	*22.9*
Operating profit	**3,306**	2,835	*16.6*
Profit before taxation	**1,707**	1,517	*12.5*
Profit after taxation	**1,403**	1,036	*35.4*
Earnings per share	**1.91p**	1.48p	*29.1*
Dividends per share	**0.68p**	0.64p	*6.3*

Chairman's review

I am pleased to report that the results for the 12 months ended 31 December 1994 show a pre-tax profit of £1.71 million compared to £1.52 million for 1993, an increase of over 12%.

More importantly, shareholders funds, including the listed investments at market value, have increased from £35.6 million to £38.6 million and including Bisichi Mining PLC, our 42% owned associate, shareholders funds are £41.9 million.

Net asset value per share is 52.5p (1993: 48.6p).

When I joined the Board in March 1971, both the gross and net assets were £400,000 and there was no gearing. Today, the value of the Group's property portfolio is some £65 million and the total Group assets are now £75 million with Group Shareholders funds, as mentioned earlier, of £41.9 million. We have come a long way in a quarter of a century!

The retail property portfolio has been externally revalued as at 31 December 1994 by two independent firms of Chartered Surveyors. 85% by value has been valued by Allsop & Co., and the balance, mainly covering the smaller properties in the North of England, by a firm of Chartered Surveyors in Leeds. These valuations show on a like for like basis a 5% increase over the 1993 figures for those properties owned throughout the year.

I believe shareholders would like to know that 60% of our portfolio by value are prime retail locations in their respective towns. The current valuation shows a yield of 9.5% on 1995 rents. Our style of intensive and direct management of our UK shopping centres and shopping precincts has been all important in achieving these improvements. A summary of these valuations is shown on page 15 of these Accounts.

The Group's primary objective remains to achieve capital growth by long term investment in substantial retail property assets. Whilst we will continue to acquire such assets whenever we see appropriate opportunities, we are now investing in our existing portfolio where, in our view, refurbishment and enhancement will produce a substantial uplift in long-term values.

Our policy continues to be not to trade the property portfolio. Profit before tax remains rental income less property expenses, administration costs and interest.

Our property portfolio now comprises some 600 shops in 35 locations. In April 1994 we acquired the Mall Shopping Centre in Dagenham for some £9 million and in October

Chairman's review

1994 purchased an adjacent precinct to our existing centre in Castleford. All our sites are freehold or very long leasehold and this remains a main criterion for any acquisition.The Group's rental income now exceeds £6 million per annum of which over 70% comes from either national or regional multiples.

There is a map on page 6 showing the spread of the Group's shopping centres and shopping precincts. We continue with a low level of voids and this level has remained similar over the last 5 years. Increased rents are being obtained as lease renewals and rent reviews are agreed. Where leases are coming to an end and the tenant does not wish to renew we are successful in achieving new lettings, although, with the rest of the market, we are experiencing an increase in the rent free periods being demanded by tenants. This will only have a minor impact on profits.

Most of our borrowings are long term and as at 31 December 1994 our net gearing was 57.2%. If we adjust for our listed portfolio, all of which can be immediately liquidated into cash, then the gearing falls to 49.1%.

I would now like to report in more detail on our property activities and the other investments held by the Group.

Property

During the year we completed the first phase of a major capital improvement to our shopping centre in Bletchley, which we acquired in March 1993 for £4.1 million. The Bletchley shopping centre was re-opened by the Mayor of Milton Keynes in January 1995. On page 2 shareholders can see pictures of the shopping centre before and after the completion of the scheme at a cost of £1.25 million. This expenditure has been funded out of our existing resources. There are two further phases of this development planned for Bletchley and we are confident that when they are completed we will have a valuable prime Shopping Centre which will show a substantial surplus on total costs.

We are in advanced discussions with the South Tyneside Metropolitan Borough Council to carry out extensive development work at Hebburn. We will also be building a new food supermarket (pre-let to a national food multiple) which will be incorporated into the shopping centre.

We are discussing with the London Borough of Barking & Dagenham the upgrading of The Mall Shopping Centre in Dagenham where we consider that a capital programme would yield excellent returns for shareholders. We are also exploring with the Sandwell Metropolitan Borough Council a further major investment at our shopping centre in Wednesbury.

Having negotiated new long term facilities with our bankers, all of these projects can be funded out of our existing resources.

These four projects will add significantly to net assets over the next two to four years.

Chairman's review

Listed investments

We have retained the bulk of our listed investments, the value of which as at 31 December 1994 was £2.9 million.

Related company – Bisichi Mining PLC (42% owned)

Bisichi has direct mining interests in South Africa, USA, and Western Australia – although its main mining undertaking is a 50% interest in a coal mine at Middelburg in South Africa.

Bisichi has shareholders' funds of £5.6 million (1993: £5.25 million) and a property portfolio of £4.9 million (1993: £4.7 million). Pre tax profits were £334,000 (1993: £40,000) which includes exceptional profits after realising some mining interests.

Financing

Our long term borrowings are from The Prudential and National Westminster Bank PLC. We have further facilities available from these lenders as well as substantial lines of credit available from leading UK banks. Our good relationship with our banks has been of great value in growing the Group's asset base over recent years.

Dividend

Your directors are recommending a final dividend of 0.63p, making a total of 0.68p per share for 1994 (1993: 0.64p), an increase of 6.25%.

New offices

Shareholders will see that we have moved offices from New Bridge Street to New Fetter Lane, both locations in London EC4. The prime reason for this move was the expansion of our business which could not be accommodated at our old offices. Those shareholders who live within easy access of Central London and attend the Annual General Meeting on 7 June will have an opportunity to see our new offices and the views of London offered by our new location.

Conclusion

The Group's performance to date gives me good reason to believe that we will continue to grow our asset base whilst maintaining our conservative financial policies. I look forward to the future with confidence.

Finally, I would like to express my thanks to my colleagues on the Board and to the staff for the hard work that they have done and are doing on behalf of our Group.

Michael Heller

MA Heller

26 April 1995

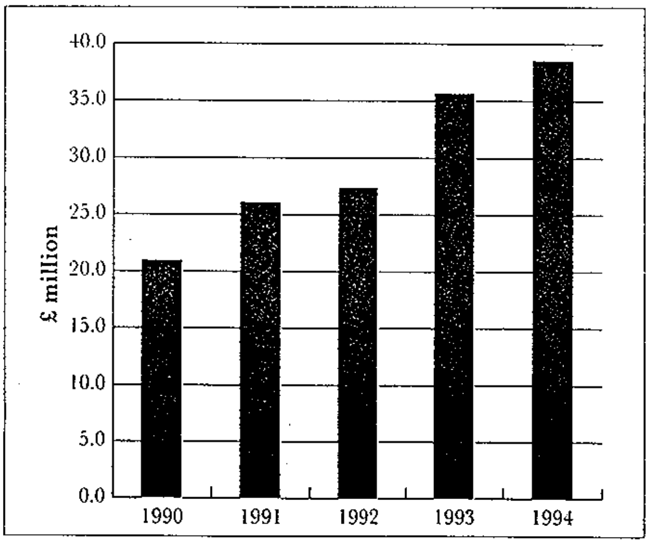
Five year financial summary

	1994 £million	1993 £million	1992 £million	1991 £million	1990 £million
Consolidated balance sheet					
Fixed assets:					
Properties and other tangible assets	**57.50**	44.14	34.06	33.20	28.19
Investments	**2.77**	2.82	2.64	2.27	2.24
	60.27	46.96	36.70	35.47	30.43
Current assets:					
Debtors	**1.53**	1.48	1.05	0.98	0.82
Investments at cost	**2.49**	2.21	1.88	1.65	1.26
Bank balances	**3.05**	3.31	3.09	2.93	0.13
Total assets	**67.34**	53.96	42.72	41.03	32.64
Liabilities and creditors	**(8.00)**	(5.79)	(4.66)	(4.15)	(3.87)
Term borrowings	**(21.20)**	(13.50)	(11.00)	(11.00)	(8.00)
Consolidated net assets per balance sheet	**38.14**	34.67	27.06	25.88	20.77
Adjustments of current asset investments to market value	**0.42**	0.93	0.26	0.12	0.11
Consolidated net assets	**38.56**	35.60	27.32	26.00	20.88
Consodiated profit and loss account					
Profit before tax	**1.71**	1.52	1.10	1.02	0.87
Taxation	**(0.31)**	(0.48)	(0.48)	(0.38)	(0.24)
Profit attributable to shareholders	**1.40**	1.04	0.62	0.64	0.63
Dividend	**0.50**	0.47	0.40	0.37	0.21

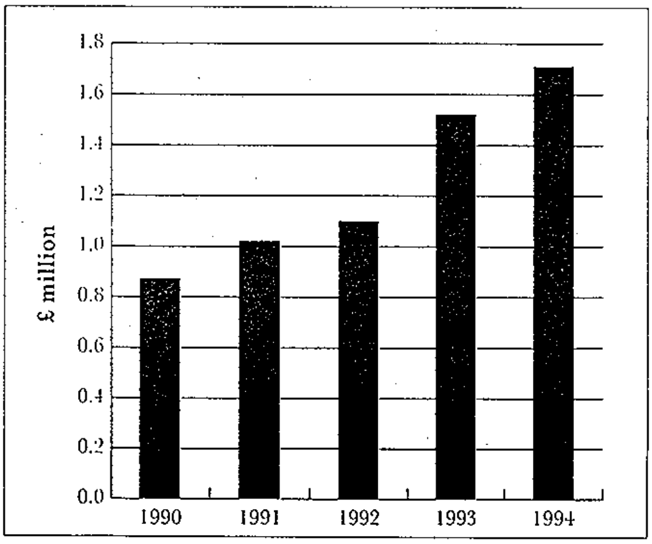
	1994 pence	1993 pence	1992 pence	1991 pence	1990 pence
Net assets per share*	**52.50**	48.64	39.14	38.47	38.77
Diluted net assets per share*	**49.38**	45.90	37.24	36.62	36.90
Earnings per share	**1.91**	1.48	0.90	1.13	1.40
Dividend per share	**0.68**	0.64	0.58	0.53	0.46

*Based on Net Assets including the investment portfolio at market value.

Net assets*



Profit before tax



Directors and officials

Directors	†**Michael A Heller** MA FCA Chairman
	*†**LC John Brown** FCA Non-Executive John Brown has been a director since 1986. He practiced as a chartered accountant for many years, both in the United Kingdom and the United States of America.
	Robert J Corry BA FCA
	*†**Howard D Goldring** BSc(Econ) ACA Non-Executive Howard Goldring was appointed a director in 1992. He is an investment strategist and was formerly director for global strategy with Allied Dunbar Asset Management PLC
	†**Patrick S Hawkings** FCA
	*†**Barry J O'Connell** Non-Executive Barry O'Connell has been a director since 1988, and retired as chief executive of KP Foods, part of United Biscuits (Holdings) PLC. in 1991
	Michael C Stevens FCA
Secretary and registered office and number	**Michael C Stevens** FCA 8-10 New Fetter Lane London EC4A 1NQ 341829 (England & Wales)
Director of property	**Mike J Dignan** FRICS
Auditors	Baker Tilly
Principal bankers	Barclays Bank PLC Hong Kong & Shanghai Banking Corporation Ltd Midland Bank PLC National Westminster Bank PLC Royal Bank of Scotland PLC
Solicitors	Clifford Chance (Corporate) Dickinson Dees, Newcastle-upon-Tyne Hammond Suddards, Leeds Kuit, Steinart, Levy & Co, Manchester Simpson Curtis, Leeds Wragge & Co, Birmingham
Stockbrokers	Paribas Limited
Registrars and transfer office	Barclays Registrars 34 Beckenham Road Beckenham, Kent BR3 4TU Telephone 0181 650 4866

* Member of the audit committee

† Member of the remuneration committee

Directors' report

The directors submit their report, together with the audited financial statements, for the year ended 31 December 1994.

Activities

The company is a property investment company, deriving income primarily from rents, and also from dividends and purchase and sale of listed investments, and from the share of profits of its related undertakings.

The company holds 42% of the issued ordinary share capital of Bisichi Mining PLC which operates in this country, and is listed on the Stock Exchange. Bisichi Mining PLC is involved in overseas mining finance, property investment and investment in listed securities.

The company continues to hold 50% of the issued share capital of Dragon Markets Limited, which operates an indoor shopping centre in West London.

Financial statements and dividend

The results for the year are as disclosed in the consolidated profit and loss account on page 16. The directors recommend the payment of a final dividend of 0.63p per share (1993: 0.59p).

During the year the company paid an interim dividend of 0.05p, making a total dividend for the year of 0.68p (1993: 0.64p). The final dividend will be payable on 31 August 1995 to shareholders registered at the close of business on 26 May 1995. Shareholders will again this year be given the opportunity of electing to receive all or part of the final dividend in the form of fully paid ordinary shares rather than cash.

Investment properties

The investment property portfolio was revalued as at 31 December 1994 by two external professional firms of chartered surveyors – Allsop & Co., London (85% of the portfolio), and Hill Woolhouse, Leeds (15%). These valuations, which are reflected in the financial statements amount to £57.3 million. The surplus on the revaluation of £2.7 million has been transferred to revaluation reserve.

Directors' report

Directors

The directors of the company throughout the year were MA Heller, LCJ Brown, RJ Corry, HD Goldring, PS Hawkings, BJ O'Connell and MC Stevens.

The directors retiring by rotation are MA Heller and LCJ Brown who, being eligible, offer themselves for re-election.

MA Heller does not have a service contract with the company, and LCJ Brown has a service contract determinable with three months notice.

Directors' interests

The interests of the directors in the ordinary shares of the company, including family and trustee holdings where appropriate, were as follows:

	Beneficial interests		Non-beneficial interests	
	31/12/94	1/1/94	31/12/94	1/1/94
MA Heller	**6,757,757**	6,675,757	**13,603,406**	13,437,644
LCJ Brown	**35,100**	34,600	–	–
RJ Corry	**2,500**	–	–	–
HD Goldring	**100,000**	200,000	–	–
PS Hawkings	**154,951**	152,738	–	–
BJ O'Connell	**37,446**	36,912	–	–
MC Stevens	**21,150**	20,880	**373,902**	368,562

The stated non-beneficial interest of MC Stevens arises by reason of his being a director of London & Associated Securities Limited, a company which acts as a Trustee.

In addition to the above, directors have outstanding options to subscribe for ordinary shares as follows:

	Number of options at 31/12/94	Exercise price	Date from which exercisable	Expiry date
Employees' share option scheme:				
RJ Corry	210,000	28.5p	28/5/96	27/5/03
RJ Corry	190,000	42.5p	10/5/97	9/5/04
MC Stevens	416,878	16.5p	1/1/94	22/7/96
MC Stevens	50,000	28.5p	1/1/96	27/5/03

Employee benefit trust:	Number of options at 31/12/94	Exercise price	Date from which exercisable	Expiry date
LCJ Brown	30,000	23.48p	1/1/94	26/10/95
PS Hawkings	55,000	23.48p	1/1/94	26/10/95
BJ O'Connell	30,000	23.48p	1/1/94	26/10/95

During the year, options over 190,000 shares were granted to RJ Corry.

No director had any material interest in any contract or agreement with the company during the year. No full time executive director has a service contract with the company, apart from contracts of employment. Part time executive and non-executive directors have contracts of service.

Substantial shareholders

MA Heller and his family, including company and trustee holdings, are now interested in 41,021,959 shares in the company, representing 55.85% of the issued share capital. The Prudential Assurance Company Limited holds £580,000 10½% convertible debenture stock 2010, and assuming full conversion it would hold 4,640,000 shares representing 5.94% of the enlarged issued share capital of the company. At 31 December 1994 the Prudential Assurance Company Limited held 1,379,998 shares.

Movements in share capital

New shares issued during the year amounted to 251,662 the details of which are set out in Note 17.

Corporate governance

The company has adopted the Code of Best Practice contained in the Cadbury Report on the Financial Aspects of Corporate Governance, which came into effect after 30 June 1993. Your Board has deliberated over the division of duties of the Chairman and Chief Executive, and has concluded that given the present size of the company it would not be appropriate to divide these duties between two directors. The company has otherwise complied with the code with the exception of those paragraphs for which the necessary guidance for compliance is not yet available. The group is considering these at present and does not foresee any difficulty in complying with these aspects.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The auditors have confirmed to the directors that they are satisfied that this statement appropriately reflects the company's compliance with the Code of Best Practice, insofar as it relates to the paragraphs of the code which the London Stock Exchange has specified for their review.

Disapplication of section 89 of the Companies Act 1985

The Stock Exchange no longer requires the consent of shareholders of the company to each specific issue otherwise than pro rata to existing shareholders. This relaxation of Stock Exchange requirements is however subject to the company obtaining the authority of its shareholders under Section 95 to disapply the pre-emption provisions of Section 89 of the Companies Act 1985. The authority proposed to be obtained by the company at the forthcoming Annual General Meeting is set out in Resolution 7 in the notice of the Annual General Meeting on page 30. The proposed authority expires at the conclusion of the next Annual General Meeting and in any event will terminate no later than 15 months after the passing of the resolution and is to be given in respect of ordinary shares to be issued:

(i) in connection with rights issues; and

(ii) generally up to an aggregate nominal value of £367, 248, being 5% of the issued share capital.

Scrip dividend

In Resolution 8 at the Annual General Meeting the company is seeking authority for the directors to exercise the power contained in the Articles of Association to permit the shareholders to elect to receive shares instead of all or part of the final dividend and to capitalise the appropriate amount of additional ordinary shares falling to be allotted pursuant to the election out of the distributable profits of the company which would have been distributed to members by way of cash dividend.

Other matters

(a) The company is not a close company as defined by the Income and Corporation Taxes Act 1988.

(b) Baker Tilly have expressed their willingness to continue in office as auditors. A proposal will be made at the Annual General Meeting for their re-appointment.

8-10 New Fetter Lane
London EC4A 1NQ
26 April 1995

By order of the Board
Michael C Stevens
Secretary

Directors' responsibility statement

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 the year. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then to 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; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for ensuring the keeping of proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

Report of the auditors to the members of London & Associated Investment Trust PLC

We have audited the financial statements on pages 16 to 29.

Respective responsibilities of directors and auditors

As described on page 13 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 judgments 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 affairs of the company and the group as at 31 December 1994 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Baker Tilly

2 Bloomsbury Street
London WC1B 3ST
26 April 1995

Baker Tilly
Chartered Accountants
Registered Auditors

Valuers' certificates

To the directors of London & Associated Investment Trust PLC

In accordance with your instructions we have carried out a valuation of the freehold and leasehold property interests held as at 31 December 1994 by the company as detailed in our Valuation Report dated 9 March 1995.

Having regard to the foregoing, we are of the opinion that the open market value as at 31 December 1994 of the interests owned by the company was £48,665,000, being made up as follows:

	£'000
Freehold	23,700
Leasehold	24,965
	48,665

London
9 March 1995

Allsop & Co.
Chartered Surveyors

To the directors of London & Associated Investment Trust PLC

In accordance with your instructions we have carried out a valuation of the freehold and leasehold property interests held as at 31 December 1994 by the company as detailed in our Valuation Report dated 24 February 1995.

Having regard to the foregoing, we are of the opinion that the open market value as at 31 December 1994 of the interests owned by the company was £8,605,000, being made up as follows:

	£'000
Freehold	7,112
Leasehold	1,493
	8,605

Leeds
24 February 1995

Hill Woolhouse
Chartered Surveyors

Consolidated profit and loss account

for the year ended 31 December 1994

	Notes	1994 £'000	1993 £'000
Revenue			
Property:			
Income	*1*	4,817	3,919
Less attributable expenses	*3*	(1,687)	(1,262)
		3,130	2,657
Listed investments:			
Dividends receivable	*2*	111	106
Investment sales		255	350
Less – cost of sales		(144)	(236)
– attributable expenses	*3*	(46)	(42)
		176	178
Operating profit	*1*	3,306	2,835
Share of profit of associated undertakings		134	28
Interest receivable		225	208
Interest payable	*5*	(1,958)	(1,554)
Profit on ordinary activities before taxation		1,707	1,517
Taxation on profit on ordinary activities	*6*	(304)	(481)
Profit for the financial year		1,403	1,036
Dividends	*7*	(499)	(469)
Retained profits for the year	*18*	904	567
Earnings per share	*9*	1.91p	1.48p
Dividends per share	*7*	0.68p	0.64p

The operating profit for the year derives from continuing operations.

There is no material difference between the profit shown above and the profit on an historical cost basis.

Balance sheets

at 31 December 1994

	Notes	Group 1994 £'000	Group 1993 £'000	Company 1994 £'000	Company 1993 £'000
Fixed assets					
Tangible assets	*10*	**57,501**	44,142	**57,501**	44,142
Investments	*11*	**2,768**	2,823	**549**	549
		60,269	46,965	**58,050**	44,691
Current assets					
Debtors	*12*	**1,532**	1,476	**1,532**	1,476
Investments at cost	*13*	**2,486**	2,214	**2,486**	2,214
(Market value **£2,909,000** (1993: £3,148,000))					
Bank balances		**3,054**	3,310	**3,054**	3,310
		7,072	7,000	**7,072**	7,000
Creditors					
Due within one year	*14*	**(8,003)**	(5,789)	**(8,017)**	(5,803)
Net Current (liabilities)/assets		**(931)**	1,211	**(945)**	1,197
Total assets less current liabilities		**59,338**	48,176	**57,105**	45,888
Creditors					
Due after more than one year	*16*	**(21,200)**	(13,500)	**(21,200)**	(13,500)
Net assets		**38,138**	34,676	**35,905**	32,388
Capital and reserves					
Share capital	*17*	**7,345**	7,320	**7,345**	7,320
Share premium account	*18*	**3,442**	3,418	**3,442**	3,418
Revaluation reserve	*18*	**22,245**	19,736	**20,907**	18,242
Other reserves	*18*	**429**	429	**-**	-
Retained earnings	*18*	**4,677**	3,773	**4,211**	3,408
Equity shareholders' funds		**38,138**	34,676	**35,905**	32,388

These financial statements were approved by the board of directors on 26 April 1995 and signed on its behalf by:

MA Heller
MC Stevens
Directors

Consolidated statement of total recognised gains and losses

Year ended 31 December 1994

	1994 £'000	1993 £'000
Profit for the financial year	1,403	1,036
Unrealised surplus on revaluation of investment properties		
Company	2,665	5,591
Associated undertakings	(156)	198
Total gains and losses recognised in the year	3,912	6,825

Reconciliation of movement in shareholders' funds

Year ended 31 December 1994

	1994 £'000	1993 £'000
Profit for the financial year	1,403	1,036
Dividends	(499)	(469)
Retained profits for the year	904	567
Unrealised surplus on revaluation of investment properties	2,509	5,789
Shares issued	25	375
Share premium account movements	24	889
	3,462	7,620
Shareholders' funds at 1 January 1994	34,676	27,056
Shareholders' funds at 31 December 1994	38,138	34,676

Consolidated cash flow statement

for the year ended 31 December 1994

	Notes	1994 £'000	1994 £'000	1993 £'000	1993 £'000
Net cash inflow from operating activities	*19a*		3,514		2,120
Returns on investments and servicing of finance					
Dividends received from associated undertakings		37		34	
Interest received		237		208	
Interest paid		(1,863)		(1,519)	
Dividends paid		(371)		(300)	
Net cash outflow from returns on investments and servicing of finance			(1,960)		(1,577)
Taxation					
Corporation tax paid		(84)		(454)	
Tax paid			(84)		(454)
Investing activities					
Purchase of property		(10,708)		(4,453)	
Purchase of office equipment and motor cars		(41)		(100)	
Sale of office equipment and motor cars		–		15	
Net cash outflow from investing activities			(10,749)		(4,538)
Net cash outflow before financing			(9,279)		(4,449)
Financing	*19b*				
Issue of ordinary share capital		1		1,229	
Draw down of Debenture Stock 2016		1,700		–	
Draw down of medium term bank loan		–		2,500	
Draw down of long term bank loan		6,000		–	
Amounts paid in respect of the expenses of issues of share capital and debentures		(49)		(70)	
Net cash inflow from financing			7,652		3,659
Decrease in cash and cash equivalents	*19c*		1,627		790

Accounting policies

Group accounting policies

The following are the main accounting policies of the group:

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and are prepared in accordance with applicable accounting standards.

Basis of consolidation

The consolidated financial statements comprise:

(a) The financial statements of the company and its three subsidiaries made up to 31 December.

(b) The group's share of the results of Bisichi Mining PLC and Dragon Markets Limited for the year ended 31 December, and share of net assets at the balance sheet date.

Revenue

Revenue comprises rental income, management fees, listed investment sales, dividends and other income.

Dividends receivable

Dividends, which include the associated tax credit, are credited to the profit and loss account when the dividend is received.

Tangible fixed assets

(a) Investment properties

(i) The investment property portfolio is included in the financial statements at open market valuation.
An external valuation is carried out at least every five years.
In accordance with SSAP 19 no amortisation or depreciation is provided in respect of freehold or long leasehold properties, which is not in accordance with the requirements of the Companies Act 1985, but necessary in order to show a true and fair view.

(ii) The cost of improvements includes attributable interest from the date expenditure is incurred until six months after the date of practical completion, or earlier if two thirds of the anticipated gross income has been achieved. (see note 5)

(b) Other tangible fixed assets

Depreciation is provided on all other tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life. The rates generally used are – office equipment 10 to 20% per annum, and motor cars 25% per annum on the straight line basis.

Investments

(a) Investments held as fixed assets:
These comprise investments in the related companies, Bisichi Mining PLC (listed), and Dragon Markets Limited (unlisted) and in unlisted companies which are all held for the long term. Details of the investments in Bisichi Mining PLC and Dragon Markets Limited are set out in Note 11.

(b) Investments held as current assets:
   (i) These comprise listed investments which are stated at the lower of cost or net realisable value, on a portfolio basis.
   (ii) Net profits or losses on realisation of these investments are carried to the profit and loss account as part of the profit on ordinary activities before taxation.

Deferred taxation

No provision is made for the potential liability which could arise if the portfolio of listed investments held as current assets were realised at market value at the balance sheet date. In addition, no provision is made for the deferred taxation which might arise if investment properties were to be realised at their book values at the balance sheet date as the properties are held as long-term investments. The potential liability is set out in the provision for liabilities and charges note to the financial statements.

Pensions

The company has several defined contribution pension schemes. Premiums are charged to the period in which they accrue. The company does not operate any defined benefit schemes.

Notes to the financial statements

31 December 1994

1 Segmental analysis

	Revenue		Operating Profit		Net Operating Assets	
	1994 £000	1993 £000	1994 £000	1993 £000	1994 £000	1993 £000
Property	4,817	3,919	3,130	2,657	34,210	30,714
Listed investments	366	456	176	178	2,486	2,214
Fixed asset investments	–	–	–	–	2,769	2,823
Net non-operating liabilities	–	–	–	–	(1,327)	(1,075)
	5,183	4,375	3,306	2,835	38,138	34,676

The operating profit for the year derives from continuing operations in the United Kingdom.

	1994 £000	1993 £000
2 Dividends receivable		
Gross dividends from listed current asset investments	111	106
3 Attributable expenses		
Attributable expenses have been allocated to the appropriate operating activity, and include:		
Depreciation on tangible fixed assets	55	55
Directors' emoluments	206	127
Auditors' remuneration – audit fee	15	14
– other fees	5	4
Operating lease rentals: Land and buildings	86	86
4 Directors' emoluments		
Fees	26	25
Other emoluments	171	102
	197	127
Details of directors' emoluments excluding pension contributions were as follows:		
Emoluments of the Chairman		
Fees	3	3
Benefits	12	12
Emoluments of the highest paid director	72	56

	1994 Number	1993 Number
Scale of other directors' emoluments		
£0-£5,000	0	1
£5,001–£10,000	3	2
£10,001–£15,000	0	1
£15,001–£20,000	1	1
£60,001–£65,000	1	0

Share options are disclosed in the Directors' Report.

Notes to the financial statements

31 December 1994

5 Interest payable

	1994 £000	1993 £000
On borrowings repayable in 5 years and less		
Interest on loans and overdrafts	510	292
Other interest payable	6	14
Less: attributable to property improvement	(20)	–
	496	306
On borrowings repayable in more than 5 years		
Debenture stocks	1,382	1,248
Long term bank loan	80	–
	1,462	1,248
	1,958	1,554

6 Taxation

	1994 £000	1993 £000
Based on the results of the year:		
Corporation tax at 33% (1993: 33%)	280	367
Irrecoverable ACT	–	63
Tax attributable to franked investment income	27	25
Adjustment to prior year	(6)	5
	301	460
Associated undertakings	3	21
	304	481

The tax charge for both 1994 and 1993 is reduced due to the effect of accelerated capital allowances, the deferred tax implications of which are disclosed in Note 15.

7 Dividends

	1994 Per share	1994 £000	1993 Per share	1993 £000
Interim	0.05p	36	0.05p	37
Proposed final	0.63p	463	0.59p	432
	0.68p	499	0.64p	469

8 Profit attributable to London & Associated Investment Trust PLC

	1994 £000	1993 £000
Dealt with in the financial statements of:		
London & Associated Investment Trust PLC	803	586
Associated undertakings	101	(19)
	904	567

In accordance with the exemption permitted by Section 230(3) of the Companies Act 1985, the company has not presented its own profit and loss account.

9 Earnings per share

The earnings per share have been calculated on Group profit on ordinary activities after taxation of £1,403,000 (1993: £1,036,000) and a weighted average share capital of 73,282,972 shares (1993: 69,955,230).
Fully diluted earnings per share, after allowing for conversion of debenture stock and options are not materially different from the stated figures.

10 Tangible fixed assets

Group and Company	Total £000	Investment Properties Freehold £000	Investment Properties Long Leasehold £000	Office Equipment and Motor Vehicles £000
Cost or valuation at 1 January 1994	44,280	28,606	15,291	383
Surplus on revaluation	2,665	1,044	1,621	–
Additions	10,749	1,162	9,546	41
Disposals	(7)	–	–	(7)
Cost or valuation at 31 December 1994	**57,687**	**30,812**	**26,458**	**417**
Representing assets stated at:				
Valuation	57,270	30,812	26,458	–
Cost	417	–	–	417
	57,687	**30,812**	**26,458**	**417**
Depreciation at 1 January 1994	138	–	–	138
Charge for the year	55	–	–	55
Disposals	(7)	–	–	(7)
Depreciation at 31 December 1994	**186**	–	–	**186**
Net book value at 31 December 1994	**57,501**	**30,812**	**26,458**	**231**
Net book value at 31 December 1993	44,142	28,606	15,291	245

Freehold and long leasehold properties were valued as at 31 December 1994 by external professional firms of chartered surveyors, as set out below. The valuations were made at open market value on the basis of existing use. The increase in book value was transferred to revaluation reserve.

	£000
Allsop & Co, Chartered Surveyors	48,665
Hill Woolhouse, Chartered Surveyors	8,605
	57,270

	Freehold £000	Long Leasehold £000
The historical cost of investment properties was as follows:		
Cost at 1 January 1994	16,402	9,456
Additions	1,162	9,546
Cost at 31 December 1994	**17,564**	**19,002**

Long leasehold properties are held on leases with an unexpired term of not less than fifty years at the balance sheet date.

Notes to the financial statements

31 December 1994

11 Investments

Group	Total £000	Investment in Associated Undertakings £000	Unlisted Investments Shares £000	Unlisted Investments Loan Stock £000
Cost or valuation at 1 January 1994	2,823	2,661	18	144
Decrease in share of assets of Associated undertakings	(55)	(55)	–	–
Cost or valuation at 31 December 1994	**2,768**	**2,606**	**18**	**144**

Company	Total £000	Shares in Subsidiary Undertakings £000	Shares in Associated Undertakings £000	Unlisted Investments Shares £000	Unlisted Investments Loan Stock £000
Cost at 31 December 1994 and at 31 December 1993	**549**	**9**	**378**	**18**	**144**

Subsidiary Undertakings

The company owns 100 per cent of the ordinary share capital of the following dormant companies, all of which are registered in England and Wales:

Analytical Investment Advisors Limited

London & African Investments Limited

London & Associated Securities Limited

In the opinion of the directors the value of the investment in subsidiaries is not less than the amount shown in these financial statements.

Associated Undertakings	Share of Net Assets 1994 £000	Share of Net Assets 1993 £000	Loan Stock 1994 £000	Loan Stock 1993 £000
Bisichi Mining PLC	2,359	2,218	–	–
Dragon Markets Limited	247	443	144	144
	2,606	2,661	144	144

Bisichi Mining PLC – Listed Associated Undertaking

The company owns 42% (1993: 42%) of the issued share capital of Bisichi Mining PLC, registered in England and Wales. The company has issued share capital of 10,451,506 ordinary shares of 10p each, and its principal country of operation is England. The market value of this investment at 31 December 1994 was £1,459,177 (1993: £1,546,292). The company's share of the net assets of Bisichi Mining PLC at 31 December 1994 was £2,359,000 (1993: £2,218,000).

Dragon Markets Limited – Unlisted Associated Undertaking

The company owns 50% of the issued share capital of Dragon Markets Limited. The remaining 50% is held by Bisichi Mining PLC. The company is incorporated and operates in England and Wales and has issued share capital of 23,000 ordinary shares of £1 each.

12 Debtors

Group and Company	1994 £000	1993 £000
Trade debtors	967	1,020
Amounts due from associated undertakings	127	1
Other debtors	55	78
Prepayments and accrued income	383	377
	1,532	1,476

13 Investments held as current assets

Group and Company	1994 £000	1993 £000
Listed investment portfolio at lower of cost or net realisable value	2,486	2,214
Market value of the listed investment portfolio	2,909	3,148

All of these investments are listed in Great Britain.

14 Creditors: Due within one year

	Group 1994 £000	Group 1993 £000	Company 1994 £000	Company 1993 £000
Bank overdrafts (unsecured)	3,122	2,311	3,122	2,311
Bank bridging loan	560	–	560	–
Amounts owed to subsidiary undertakings	–	–	14	14
Corporation tax	864	640	864	640
Other taxation and social security costs	200	194	200	194
Proposed dividend	463	432	463	432
Other creditors	747	576	747	576
Accruals and deferred income	2,047	1,636	2,047	1,636
	8,003	5,789	8,017	5,803

15 Provision for liabilities and charges

Group and Company	1994 £000	1993 £000
The provision for deferred taxation is calculated at 33% (1993: 33%) and is made up as follows:		
Unrealised surplus on investments held as current assets	100	37
Trading losses	(100)	(37)
	0	0

No provision has been made for the approximate taxation liability at 33% (1993: 33%) of £3,905,000 (1993: £3,810,000) arising if the investment properties were sold at the stated valuation.

Notes to the financial statements

31 December 1994

16 Creditors: Due after more than one year

		1994 £000	1993 £000
Group and Company			
Term Borrowings			
Debenture Stocks			
£580,000	10.5% Convertible Debenture Stock 2010	580	580
£420,000	10.5% Non-convertible Debenture Stock 2010	420	420
£5,000,000	11.3% First Mortgage Debenture Stock 2013	5,000	5,000
£5,000,000	8.67% First Mortgage Debenture Stock 2016	1,700	–
£5,000,000	11.6% First Mortgage Debenture Stock 2018	5,000	5,000
£16,000,000		12,700	11,000
Medium Term Bank Loan – repayable within two to five years		2,500	2,500
Long Term Bank Loan – repayable after five years		6,000	–
		21,200	13,500

Interest payable on the bank loans varies and is based upon the London interbank market rate.

a) Convertible and Non-convertible Debenture Stocks 2010

The convertible debenture stock may be converted in any year until 2009 on the conditions set out in the trust deed into fully paid ordinary shares at the rate of £120 of nominal ordinary share capital for each £150 nominal of convertible debenture stock.

These debenture stocks are secured by a floating charge over the group assets, and a second charge on specific properties charged under the First Mortgage Debenture Stocks 2013, 2016 and 2018.

b) First Mortgage Debenture Stock 2016

In December 1991 the company arranged to issue £5,000,000 first mortgage debenture stock 2016, of which £1,700,000 was issued in February 1994. Tranches of stock may be drawn down until 1 October 1995. Interest will be fixed for each tranche drawn by reference to the gross redemption yield on 13.5% Treasury Stock 2004-08 at the date of drawdown.

The first mortgage debenture stocks are secured by first charges on specific freehold and long leasehold properties and a floating charge.

c) A long term bank loan facility of £10,000,000 was negotiated in September 1994, of which £6,000,000 has been drawn down, and is repayable in full in September 2004.

Both the medium and long term bank loans are secured by first charges on specific properties.

17 Share capital

	1994 £000	1993 £000
Authorised: 110,000,000 (1993: 110,000,000) ordinary shares of 10p each	**11,000**	11,000
Allotted and fully paid: 73,449,626 (1993: 73,197,964) shares of 10p each	**7,345**	7,320

In July 1994, 13,443 Ordinary Shares were issued on the exercise of employee share options. Of the proceeds of £1,705, £361 was credited to share premium account.

In August 1994, 238,219 Ordinary Shares were issued to shareholders who had elected to receive shares in lieu of a final dividend in cash. This represented a reduction in the cash dividend of £96,980 of which £73,158 was credited to the share premium account.

Employees' Share Option Scheme

At 31 December 1994 the following options to subscribe for ordinary shares were outstanding, issued under the terms of the Employees' Share Option Scheme:

Number of Shares	Option Price	Normal Exercise Date
801,360	12.68p	Exercisable to 22 July 1996
82,670	22.45p	Exercisable to 22 July 1996
126,603	27.87p	Exercisable to 22 July 1996
106,565	19.04p	Exercisable to 22 July 1996
670,000	28.50p	28 May 1996 to 27 May 2003
210,000	42.50p	10 May 1997 to 9 May 2004

The share option scheme was approved by members in 1986, and has been approved by the Board of Inland Revenue. A total of 4,158,359 shares has been allocated for issue to employees under the scheme. At 31 December 1994 options on 13,443 shares had been exercised, and options which had been granted over 1,997,198 shares were outstanding, leaving a balance of 2,147,718 shares over which options may be granted.

18 Reserves

Group	Share Premium Account £000	Revaluation Reserve £000	Capital Reserve on Consolidation £000	Retained Earnings £000
Balance at 1 January 1994	3,418	19,736	429	3,773
Revaluation surplus in the year	–	2,509	–	–
Premium on shares issued	73	–	–	–
Issue expenses	(49)	–	–	–
Retained profit for year	–	–	–	904
Balance at 31 December 1994	**3,442**	**22,245**	**429**	**4,677**

Notes to the financial statements

31 December 1994

18 Reserves (continued)

Company	Share Premium Account £000	Revaluation Reserve £000	Capital Reserve on Consolidation £000	Retained Earnings £000
Balance at 1 January 1994	3,418	18,242	–	3,408
Revaluation surplus in the year	–	2,665	–	–
Premium on shares issued	73	–	–	–
Issue expenses	(49)	–	–	–
Retained profit for year	–	–	–	803
Balance at 31 December 1994	**3,442**	**20,907**	**–**	**4,211**

19 Cash flow statement notes

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

	1994 £000	1993 £000
Operating profit	3,306	2,835
Depreciation charges	55	55
Profit on disposal of fixed assets	–	(10)
(Increase) in debtors	(43)	(429)
Increase in creditors	468	5
(Increase) in current asset investments	(272)	(336)
	3,514	2,120

b) Analysis of changes in financing during the year

	Share capital (including premium) 1994 £000	Share capital (including premium) 1993 £000	Debenture stocks & bank loan 1994 £000	Debenture stocks & bank loan 1993 £000
Financing at 1 January 1994	10,738	9,474	13,500	11,000
Cash inflows from financing	1	1,229	7,700	2,500
Scrip dividend	97	105	–	–
Expenses of issues	(49)	(70)	–	–
Financing at 31 December 1994	10,787	10,738	21,200	13,500

c) Analysis of balances and changes in cash and cash equivalents

	1994 £000	Net cash flow £000	1993 £000	Net cash flow £000	1992 £000
Cash at bank and in hand	3,054	(256)	3,310	221	3,089
Bank overdrafts	(3,122)	(811)	(2,311)	(1,011)	(1,300)
Bank bridging loan	(560)	(560)	–	–	–
	(628)	(1,627)	999	(790)	1,789

20 Employees

The average number of employees, including directors, of the Group during the year involved in management and administration was 26 (1993: 23)

	1994 £000	1993 £000
Staff costs during the year were as follows:		
Salaries and other costs	534	437
Social security costs	50	46
Pension costs	24	21
	608	504

The company operates a number of defined contribution pension arrangements for individual employees through insurance companies. The pension costs shown above represent the contributions payable by the company.

21 Capital Commitments

	1994 £000	1993 £000
Commitments to capital expenditure at the year end were as follows:		
Approved but not contracted	Nil	1,200
Contracted	Nil	Nil

22 Commitments under operating leases

	1994 £000 Land and buildings	1993 £000 Land and buildings
At 31 December 1994 the Group had annual commitments under non-cancellable operating leases as follows:		
Expiring within one year	43	–
Expiring within 2 to 5 years	–	86

Notice of Annual General Meeting

NOTICE is hereby given that the Fifty Fifth Annual General Meeting of the company will be held at the company's offices at 8-10 New Fetter Lane, London EC4 1NQ on Wednesday 7 June 1995 at 12 noon for the transaction of the following business:

1 To receive the directors' report, annual accounts and auditors report for the year ended 31 December 1994. (Resolution 1)

2 To declare a final dividend. (Resolution 2)

3 To re-elect as a director Mr MA Heller. (Resolution 3)

4 To re-elect as a director Mr LCJ Brown. (Resolution 4)

5 To reappoint Baker Tilly as auditors. (Resolution 5)

6 To authorise the directors to determine the remuneration of the auditors. (Resolution 6)

As special business to consider and, if thought fit, pass the following resolutions which will be proposed as:

7 A Special Resolution:

That the directors be and they are hereby empowered pursuant to section 95 of the Companies Act 1985 (the Act) to allot equity securities (within the meaning of section 94(2) of the said Act) for cash pursuant to the authority conferred upon them for the purposes of section 80 of the Act by the ordinary resolution of the company passed on 10 June 1991 as if section 89(1) of the said Act did not apply to any such allotment and provided that this power shall be limited:

(a) to allotments of equity securities where such securities have been offered (whether by way of rights issue, open offer or otherwise) to holders of Ordinary Shares of 10p each in the company (Ordinary Shares) and, if in accordance with their rights the directors so determine, holders of 10.5% Convertible Debenture Stock 2010 (Convertible Stock holders) made in proportion (or as nearly as may be) to the respective number of Ordinary Shares held by them (and in the case of the Convertible Stock holders on the basis that their holdings had been converted into ordinary shares on the basis then applicable) on the record date for allotment provided that the directors may make such arrangements and exclusions to deal with legal or practical problems arising under the laws of any territory or the requirements of any recognised regulatory body or any stock exchange in any territory and fractional entitlements as they consider necessary and expedient; and

(b) to the allotment (otherwise than pursuant to sub-paragraph (a) of this resolution) of equity securities for cash up to an aggregate nominal amount of £367,248.

(c) to the allotment for cash of up to 1,500,000 Ordinary Shares to those shareholders who elect to receive new Ordinary Shares in connection with the scrip dividend offer.

and shall expire at the conclusion of the next Annual General Meeting of the company and in any event shall terminate no later than 15 months after the passing of this resolution, save that the company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired. (Resolution 7)

8 An Ordinary Resolution:

The directors be and are hereby authorised:

a) To exercise the power contained in Article 140b of the Articles of Association of the company so that to the extent determined by the directors, the holders of Ordinary Shares be permitted to elect to receive new Ordinary Shares of 10p each in the company, credited as fully paid, instead of all or part of the final dividend for the twelve months ended 31 December 1994 (declared above).

b) To capitalise the appropriate nominal amount of additional Ordinary Shares falling to be allotted pursuant to elections made as aforesaid, out of the distributable profits of the company which would have been distributed to members by dividend in cash, to apply such sum in paying up such Ordinary Shares and to allot such Ordinary Shares to members of the company who shall have validly so elected. (Resolution 8)

8-10 New Fetter Lane
London EC4A 1NQ
Registered in England and Wales – Number 341829
26 April 1995

By order of the Board
MC Stevens
Secretary

Notes

1. A member entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the company.
2. To be valid, the instrument appointing a proxy, together with the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of such power of authority) must be deposited at The Registrar, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4BR not later than 48 hours before the time fixed for the meeting.
3. Completion and return of a proxy form will not preclude ordinary shareholders from attending and voting at the meeting if they wish.
4. The following documents will be available for inspection at the Registered Office of the company on any weekday during the normal business hours and will also be available from 11.45am on the day of the meeting until the close of the Meeting:

   A statement of all transactions of each director and of their family interests in the share capital of the company.

   Directors' Contracts of Service.