HELICAL BAR PLC 156663

Directors' Report

The directors present their report and financial statements for the period ended 31 March 1997.

Principal activities

The principal activity of the company is that of a holding company and the principal activities of the subsidaries are property investment, dealing and development. A full review of these activities and the group's future prospects are given in the Review of Operations on page 4.

Trading results

The results for the period are set out on page 17. The profit on ordinary activities before taxation amounts to £12,033,000 (1996 £9,200,000).

Share capital

The detailed movements in share capital are set out in note 20 to these financial statements.

At 31 March 1997 there were 16,652,265 ordinary 5p shares and 45,839,200 convertible cumulative redeemable preference shares in issue.

Dividends

A final dividend of 4.85p (1996 4.40p) per share is recommended for approval at the Annual General Meeting on 27 August 1997. The total ordinary dividends of 10.00p (1996 7.30p) per share, and the preference dividends, amount to £4,550,000 (1996 £3,956,000).

Donations

Donations to charities amounted to £17,827 (1996 £16,271). A contribution of £10,000 (1996 £10,000) was made to the Conservative Party.

Creditor payment policy

The company's policy is to settle all agreed liabilities within the terms established with suppliers. At 31 March 1997 there were 29 days' purchases outstanding in respect of the company's creditors.

Auditors

Grant Thornton offer themselves for reappointment as auditor in accordance with Section 385 of the Companies Act 1985.

Substantial shareholdings

At 1 July 1997 the shareholders listed in Table A had notified the company of a substantial holding of 3% or more in the nominal value of the ordinary share capital of the company.

TABLE A

	No. of ordinary shares	%
Schroder Investment Management	1,982,600	11.9
Fidelity International Ltd	1,097,495	6.6
Hermes Investment Management	719,393	4.3
Prudential Portfolio Managers Ltd	695,000	4.2
T R Property Investment Trust	655,000	3.9
Chase Nominees Ltd	525,900	3.2

The interests of Michael Slade and Nigel McNair Scott which each exceed 3% are noted below.

Directors and their interests

The directors who were in office during the period and their interests, all of which were beneficial, in the ordinary and preference shares are listed in Table B and note 20. Michael Slade and Nigel McNair Scott retire by rotation and offer themselves for re-election. The unexpired term of their service contracts at re-election will be 10 months.

TABLE B	Ordinary 5p shares		Convertible cumulative redeemable preference shares 2012	
	31.03.97	31.01.96	31.03.97	31.01.96
J. P. Southwell	22,650	22,650	19,387	19,387
M. E. Slade	3,000,000	3,437,735	32,476	32,476
N. G. McNair Scott	559,870	514,870	58,637	58,637
I. G. Butler	10,025	10,025	11,235	11,235
C.G.H. Weaver	18,000	18,000	-	-
G.A. Kaye	97,000	10,000	-	-
Total directors' interests	3,707,545	4,013,280	121,735	121,735
Percentage of issued share capital	22.3%	24.1%	0.3%	0.3%

During the period Nigel McNair Scott exercised options over 302,290 ordinary shares which he retains in his ownership, and a company of which he is a director sold 257,290 shares.

There have been no changes in the above directors' interests in the period from 31 March 1997 to 10 July 1997.

Details of the directors' interests in share options and movements during the period are included in note 20.

Report of the Remuneration Committee for the period ended 31 March 1997

Statement of compliance

The company complied throughout the period with Section A of the Best Practice Provisions for remuneration committees as annexed to the Listing Rules.

Remuneration Committee

The membership of the Committee is as follows:

J. P. Southwell (Chairman)
I. G. Butler
C.G.H. Weaver

None of the Committee has any personal financial interest in the matters to be decided (other than as shareholders), potential conflicts of interest arising from cross-directorships nor any day-to-day involvement in running the business. The Committee consults the Managing Director and Finance Director about its proposals and has access to professional advice from inside and outside the company.

Remuneration Policy

In forming their policy, the Committee has given full consideration to the provisions of Section B of the Best Practice Provisions annexed to the Listing Rules.

The remuneration of executive directors is determined by the Committee in discussions with each executive director. The remuneration of non-executive directors is determined by the full board of directors.

The key objectives of the Committee in determining the remuneration packages of executive directors are:

1. The recruitment, retention and incentivisation of executive management; and,
2. The alignment of executive management and shareholder interests.

The remuneration packages of executive directors, details of which are given in note 4, are comprised of the following elements:

Basic annual salary and benefits

Basic annual salaries for executive directors are reviewed annually having regard to individual performance and market practice. Executive directors' basic salaries were last reviewed in February 1997. Benefits provided to executive directors comprise the provision of a company car and health insurance.

Bonus schemes

In June 1992 the non-executive directors, acting as a Remuneration Committee, reached agreement with the executive directors to establish a bonus scheme based on Helical's net asset value per share performing not less well than the upper quartile of the Investment Property Databank All Properties Index. If achieved, the bonus is payable in cash and is calculated in bands, the rate of bonus increasing with the level of outperformance. Among other constraints, the Committee may restrict the bonus if payment would affect the ability of the company to increase dividends. In addition a bonus is not payable if there is no increase in net asset value per share as adjusted for any surplus in trading stock values. The executive directors in this bonus scheme for the period were Michael Slade, Nigel McNair Scott and Gerald Kaye. This bonus scheme ceased to operate on 31 January 1997 and the Committee has agreed a new scheme with the executive directors which will be effective for the year commencing on 1 April 1997. An additional bonus was awarded by the Committee in recognition of the performance of the development director, Gerald Kaye.

Share options

The company has two share option schemes. The Ordinary 1986 Share Option Scheme can no longer grant options over shares in Helical Bar plc. The ability of the Senior Executive 1988 Share Option Scheme to grant options runs out on 7 June 1998 and the Notice of Meeting enclosed with these accounts includes a resolution to extend this scheme by three years. The share options of the directors are disclosed in note 20.

Service contracts

The service contracts of each of the executive directors ende during the period. New one year service contracts commenci on 1 July 1997 have been agreed with each director. These service contracts have a one year notice period with notice nc to be given prior to 1 July 1998.

Pension contributions

The company makes annual contributions into a Small Self Administered Pension Scheme on behalf of Michael Slade and Nigel McNair Scott.

Corporate governance

The company has complied throughout the period with the Code of Best Practice ('the Code'), contained in the Report of the Cadbury Committee on the Financial Aspects of Corporat Governance.

Internal financial control

The directors are responsible for the group's system of intern financial control. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The key features of the group's system of internal financial control are as follows:

- clearly defined organisational responsibilities and limits of authority;
- financial controls and review procedures;
- financial information systems including cash flow, profit and capital expenditure forecasts;
- an Audit Committee which meets with the Auditors at least twice a year and deals with any significant internal financial control matter.

The directors have reviewed the effectiveness of the system of internal financial control during the period and up to the date of this report.

Going concern

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

The auditors have confirmed that, in their opinion, with respect to the directors' statements above, on internal financial controls and going concern, the directors have provided the disclosures required by the Listing Rules of the London Stock Exchange and such statements are not inconsistent with the information of which they are aware from their audit work on the financial statements, and that the statement above appropriately reflects the company's compliance with the other aspects of the Code specified for their review by Listing Rule 12.43(j). They were not required to perform the additional work necessary to, and did not, express any opinion on the effectiveness of either the group's system of internal financial control or of its corporate governance procedures nor on the ability of the group to continue in operational existence.

Directors' responsibilities for the financial statements

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.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Annual General Meeting

The Annual General Meeting of the company will be held on Wednesday 27 August 1997 at 11.30 a.m. at The Westbury, Conduit Street at New Bond Street, London W1A 4UH. The Notice of Meeting is contained in a separate document accompanying the financial statements.

By Order of the Board
T. J. Murphy
Secretary
10 July 1997

Auditors' Report

To the members of Helical Bar plc

We have audited the financial statements on pages 17 to 35 which have been prepared under the accounting policies set out on pages 21 and 22.

Respective responsibilities of directors and auditors

As described on page 15 the 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 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 viev of the state of the affairs of the company and the group as at 31 March 1997 and of the profit of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton

Grant Thornton
Registered Auditors
Chartered Accountants
London
10 July 1997

Consolidated Profit and Loss Account

Helical Bar plc and subsidiary undertakings for the period ended 31 March 1997

	Note	14 months ended 31 March 1997 £000	Year ended 31 January 1996 £000
Turnover	2	100,529	65,948
Cost of sales	3	(71,245)	(44,251)
Gross profit	2	29,284	21,697
Administrative expenses	4	(5,566)	(3,130)
Operating profit		23,718	18,567
(Loss)/profit on sale of investment properties	5	(558)	304
Profit on ordinary activities before interest		23,160	18,871
Interest receivable		637	695
Interest payable and similar charges	6	(11,764)	(10,366)
Profit on ordinary activities before taxation		12,033	9,200
Taxation	7	(3,001)	(1,308)
Profit on ordinary activities after taxation		9,032	7,892
Equity minority interests		(918)	(270)
Profit for the period		8,114	7,622
Dividends paid and proposed including non-equity	8	(4,074)	(3,597)
Dividends not yet declared	8	(476)	(359)
Retained profit for the period	21	3,564	3,666
By company	9	397	(1,184)
By subsidiaries		3,167	4,850
Earnings per share	10	31.6p	29.8p
Fully diluted earnings per share	10	28.3p	26.6p

The notes on pages 21 to 35 form part of these financial statements.

Balance Sheets

Helical Bar plc and subsidiary undertakings as at 31 March 1997

	Note	Group		Company	
		31 March 1997	31 January 1996	31 March 1997	31 January 1996
		£000	£000	£000	£000
Fixed assets					
Tangible assets	11	502	2,023	502	660
Investment property	12	201,570	180,765	-	-
Investments	13	-	-	2,184	2,184
		202,072	182,788	2,686	2,844
Current assets					
Stock and long term contracts	14	69,094	58,492	250	-
Debtors	15	44,553	24,531	129,911	128,041
Investments	16	-	341	-	-
Fixed assets for resale		1,947	-	-	-
Cash		21,496	12,634	13,306	10,356
		137,090	95,998	143,467	138,397
Creditors: amounts falling due within one year	17	(73,414)	(62,867)	(24,775)	(34,955)
Net current assets		63,676	33,131	118,692	103,442
Total assets less current liabilities		265,748	215,919	121,378	106,286
Creditors: amounts falling due after more than one year	18	(159,762)	(122,931)	(46,523)	(32,633)
		105,986	92,988	74,855	73,653
Capital and reserves					
Called-up share capital	20	32,920	32,916	32,920	32,916
Share premium account	21	354	29	354	29
Revaluation reserve	21	36,354	31,732	-	-
Capital redemption reserve	21	7,081	7,081	7,081	7,081
Other reserves	21	291	291	1,987	1,987
Profit and loss account	21	28,664	20,613	32,513	31,640
Shareholders' funds		105,664	92,662	74,855	73,653
Equity minority interests		322	326	-	-
		105,986	92,988	74,855	73,653
Shareholders' funds					
Equity shareholders' funds		72,485	59,945	41,676	40,936
Non-equity shareholders' funds		33,179	32,717	33,179	32,717
		105,664	92,662	74,855	73,653

The financial statements were approved by the Board of Directors on 10 July 1997.

M. E. Slade, N. G. McNair Scott – Directors

The notes on pages 21 to 35 form part of these financial statements.

Statement of Total Recognised Gains and Losses

Helical Bar plc and subsidiary undertakings for the period ended 31 March 1997

	14 months ended 31 March 1997 £000	Year ended 31 January 1996 £000
Statement of total recognised gains and losses		
Profit for the period after taxation	9,032	7,892
Minority interest	(918)	(270)
Surplus/(deficit) on revaluation of investment properties	8,633	(2,792)
Total recognised gains and losses relating to the period	16,747	4,830

	1997 £000	1996 £000
Notes on historical cost profits and losses		
Reported profit on ordinary activities before taxation	12,033	9,200
Realisation of property revaluation gains of previous years	4,011	1,466
Historical cost profit on ordinary activities before taxation	16,044	10,666
Historical cost profit for the period retained	7,575	5,132

	1997 £000	1996 £000
Reconciliation of movements in shareholders' funds		
Profit for the period	8,114	7,622
Dividends paid and proposed including non-equity	(4,074)	(3,597)
	4,040	4,025
Other recognised gains and losses relating to the period:		
Revaluation of investment property	8,633	(2,792)
Issue of shares	329	-
Net addition to shareholders' funds	13,002	1,233
Opening shareholders' funds	92,662	91,429
Closing shareholders' funds	105,664	92,662

The notes on pages 21 to 35 form part of these financial statements.

Consolidated Cash Flow Statement

Helical Bar plc and subsidiary undertakings for the period ended 31 March 1997

	Note	14 months ended 31 March 1997 £000	Year ended 31 January 1996 £000
Net cash inflow from operating activities	22	17,443	13,456
Returns on investment and servicing of finance	23	(16,347)	(14,916)
Taxation	23	(694)	102
Capital expenditure and financial investment	23	(31,969)	(24,442)
Equity dividends paid		(1,242)	(1,083)
Financing			
Issue of shares		329	0
Increase in debt	24	43,510	15,400
Increase/(decrease) in cash	24	11,030	(11,483)

Reconciliation of net cash flow to movement in net debt

	1997 £000	1996 £000
Increase/(decrease) in cash in the period	11,030	(11,483)
Cash inflow from increase in debt	(43,510)	(15,400)
Debt arrangement expenses	(469)	(249)
Decrease in current asset investments	(341)	(46)
Movement in net debt in the period	(33,290)	(27,178)
Net debt 1 February 1996	(143,482)	(116,304)
Net debt 31 March 1997	(176,772)	(143,482)

The notes on pages 21 to 35 form part of these financial statements.

Notes to Financial Statements

1. Accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and in accordance with applicable accounting standards. The accounting policies have remained unchanged since the previous year.

Basis of consolidation

The group financial statements consolidate those of the company and its subsidiary undertakings drawn up to 31 March 1997. Profits or losses on intra group transactions are eliminated in full.

Turnover

Turnover represents rental income and the proceeds from the sale of trading properties and developments. For developments, turnover comprises the increase in the valuation of work during the period. Income from the sale of trading properties is included in the profit and loss account when in the opinion of the directors a binding contract of sale exists.

Depreciation

Depreciation is calculated to write down the cost to residual value of all fixed assets, excluding investment properties, by equal annual instalments over their expected useful lives.

The annual rates generally applicable are:

– short leasehold property	length of lease
– leasehold improvements	10%
– vehicles & office equipment	25%

Developments

The attributable profit on developments is recognised once their outcome can be assessed with reasonable certainty. In the case of developments funded by institutions this profit is recognised on the letting of the developments.

Stock

Stock is stated at the lower of cost and net realisable value.
Long-term contract balances included in stock are stated at cost, after provision has been made for any foreseeable losses and the deduction of applicable payments on account.

Deferred taxation

Deferred tax is provided for under the liability method using the tax rates estimated to apply when the timing differences reverse, and is accounted for to the extent that it is probable that a liability or asset will crystallise.

Interest capitalised on development properties

Interest costs incurred on development properties are capitalised until the earliest of:

- the date when the development becomes fully let;
- the date when the income exceeds outgoings;
- a date within two years of completion to allow for letting.

Notes to Financial Statements

Investment property

Completed investment properties are included in the balance sheet at current market value. Any surplus arising is credited to the revaluation reserve, any deficits are netted off against the remaining balance on the reserve. In accordance with the Statement of Standard Accounting Practice No. 19, investment properties are not depreciated but are valued by an external valuer at least ever three years. In years where an external valuation is not commissioned, a valuation is undertaken by a suitably qualified member of company's staff.

This policy represents a departure from statutory accounting principles which require depreciation to be provided on all fixed ass The directors consider that this policy is necessary in order that the financial statements may give a true and fair view because cu values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation. Depreciation is only one of many factors affecting annual valuation and its effect cannot be quantified.

Financing costs

The costs of arranging finance for the group, including financial instruments entered into to protect against the effects of interest r movements, are written off to the profit and loss account over the terms of and in proportion to the associated finance.

2. Turnover and gross profit on ordinary activities before taxation

The analysis of turnover and gross profit by function is as follows:

	Turnover		Gross profit	
	14 months ended 31 March 1997 £000	Year ended 31 January 1996 £000	14 months ended 31 March 1997 £000	Year ende 31 January 1 £000
Trading property sales	22,264	13,769	2,359	1,358
Rental income	22,374	19,186	18,759	16,271
Developments	53,938	31,360	9,152	5,242
Other income and provisions	1,953	1,633	(986)	(1,174)
Gross profit			29,284	21,697
Central overheads			(5,566)	(3,130)
Interest payable less receivable			(11,127)	(9,671)
Profit before taxation and profit on sale of investment properties			12,591	8,896

All sales were within the UK. All turnover is attributable to continuing operations.

An analysis of net assets by class of business has not been disclosed.

3. Cost of sales

	1997 £000	1996 £000
Incorporated within cost of sales are:		
– exceptional provisions against stock	-	806

Notes to Financial Statements

4. **Administrative expenses**	14 months ended 31 March 1997 £000	Year ended 31 January 1996 £000
Operating profit on ordinary activities is stated after:		
Staff costs	3,679	1,749
Depreciation	281	226
Auditors' remuneration:		
– audit fee	58	58
– other fees	43	28
Staff costs during the period:		
– salaries	3,221	1,469
– social security costs	331	159
– other pension costs	127	121
	3,679	1,749

With the exception of the pension contributions referred to below, other pension costs relate to payments to individual pension plans.

The average number of employees of the group during the period was 25 (1996 25)

Remuneration in respect of directors was as follows:

	Salary/ Fees £000	Benefits £000	Pension Contributions £000	Bonus £000	1997 Total £000	1996 Total £000
Chairman						
J. P. Southwell	35	11	-	-	46	38
Non-Executive Directors						
I. G. Butler	14	-	-	-	14	12
C.G.H. Weaver (paid to a third party)	14	-	-	-	14	12
Executive Directors						
M. E. Slade	358	15	18	684	1,075	317
N. G. McNair Scott	150	16	65	188	419	170
G. A. Kaye	175	16	-	850	1,041	369
	746	58	83	1,722	2,609	918

The pension contributions were paid into a Small Self Administered Scheme and include £40,000 bonus paid as contributions in respect of N. G. McNair Scott. The assets of this money purchase scheme are administered by trustees in a fund independent from the assets of the group.

On 3 June 1996 N. G. McNair Scott exercised options over 257,290 ordinary shares at an exercise price of 97.8p and 45,000 ordinary shares at an exercise price of 73.67p. The market value of each of these shares on the day of exercise was 380p. The notional profit arising from the exercise of these options on 3 June 1996 was £863,921.

As a result of the requirement to disclose this notional profit on shares still held, N. G. McNair Scott is the highest paid director with a total remuneration of £1,218,000 (1996: £369,000).

Notes to Financial Statements

	14 months ended 31 March 1997 £000	Year ended 31 January 1996 £000
5. Sale of investment properties		
Sale of investment properties	40,490	5,403
Book costs (note 12)	(41,048)	(5,099)
(Loss)/profit on disposal	(558)	304

	1997 £000	1996 £000
6. Interest payable and similar charges		
On bank loans and overdrafts	13,187	12,275
Finance arrangement costs	469	249
Other interest and similar charges	1,732	1,252
Interest capitalised	(3,624)	(3,410)
	11,764	10,366

	1997 £000	1996 £000
7. Taxation		
On group results for the period:		
– UK corporation tax at 33% (1996 33%)	3,001	1,298
Adjustment in respect of prior years:		
– UK corporation tax	-	10
	3,001	1,308

The effective tax charge for the period was reduced from 33% through the availability of capital allowances.

Notes to Financial Statements

	14 months ended 31 March 1997 £000	Year ended 31 January 1996 £000
8. Dividends		
Attributable to equity share capital		
Ordinary		
– interim paid 3.15p (1996 2.90p) per share	525	472
– special payable 2.00p (1996 nil) per share	333	-
– final proposed 4.85p (1996 4.40p) per share	808	717
Total 10.0p (1996 7.3p) per share	1,666	1,189
Attributable to non-equity share capital		
5.25p convertible cumulative redeemable preference shares 2012 of 70p each		
– dividends paid	2,408	2,408
– dividends not yet declared	476	359
	4,550	3,956

9. Parent company

The company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in the financial statements. The group profit after tax for the period includes a profit of £4,947,000 (1996 £2,772,000) which is dealt with in the financial statements of the parent company.

10. Earnings per share

Earnings per share is based on the profit after tax and preference dividends of £5,230,000 (1996 £4,855,000) and a weighted average of 16,564,017 (1996 16,283,715) ordinary shares of 5p each in issue during the period.

Fully diluted earnings per share are based on 29,516,772 (1996 29,605,019) ordinary shares of 5p, which include the conversion of a weighted average of 45,839,200 (1996 45,863,608) preference shares and the exercise of share options. Preference shares are converted into ordinary shares at the rate of 25.65 ordinary shares for every 100 preference shares.

Notes to Financial Statements

11. Tangible fixed assets

	Short leasehold property & improvements £000	Vehicles & office equipment £000	Assets in course of construction £000	Total £000
Group				
Cost at 1 February 1996	940	621	1,402	2,963
Additions at cost	-	101	634	735
Disposals	-	(93)	-	(93)
Transfer to current assets	-	-	(2,036)	(2,036)
Cost at 31 March 1997	940	629	-	1,569
Depreciation at 1 February 1996	576	325	39	940
Provision for the period	89	142	50	281
Eliminated on disposals	-	(65)	-	(65)
Transfer to current assets	-	-	(89)	(89)
Depreciation at 31 March 1997	665	402	-	1,067
Net book amount at 31 March 1997	275	227	-	502
Net book amount at 31 January 1996	364	296	1,363	2,023
Company				
Cost at 1 February 1996	940	621	-	1,561
Additions at cost	-	101	-	101
Disposals	-	(93)	-	(93)
Cost at 31 March 1997	940	629	-	1,569
Depreciation at 1 February 1996	576	325	-	901
Provision for the period	89	142	-	231
Eliminated on disposals	-	(65)	-	(65)
Depreciation at 31 March 1997	665	402	-	1,067
Net book amount at 31 March 1997	275	227	-	502
Net book amount at 31 January 1996	364	296	-	660

Notes to Financial Statements

	Long Leasehold £000	Freehold £000	Total £000
12. Investment property - group			
Valuation at 1 February 1996	59,562	121,203	180,765
Additions at cost	2,012	51,208	53,220
Disposals (note 5)	(12,131)	(28,917)	(41,048)
Revaluation (note 21)	(93)	8,726	8,633
At 31 March 1997	49,350	152,220	201,570

The investment property has been valued on an open market basis at 31 March 1997 as follows:

	£000
Healey & Baker, International Real Estate Consultants	170,775
Knight Frank, Chartered Surveyors	17,450
Directors' valuation	13,345
	201,570

The net surplus arising of £8,633,000 (1996 deficit £2,792,000) has been transferred to the revaluation reserve.

The historical cost of investment property is £165,216,000 (1996 £149,033,000).

Notes to Financial Statements

	Group		Company	
	31 March 1997	31 January 1996	31 March 1997	31 January 1996
	£000	£000	£000	£000
13. Investments				
Shares in subsidiary undertakings at cost	-	-	2,184	2,184

The company's principal subsidiary undertakings, all of which have been consolidated, are:

Name of undertaking	Nature of business	Percentage of ordinary share capital held
Aycliffe and Peterlee Development Company Ltd	Development and trading	100%
Aycliffe and Peterlee Investment Company Ltd*	Investment	100%
Helical Bar (City Investments) Ltd	Investment	100%
Helical Bar (CL) Investments Limited*	Investment	100%
Helical Bar Developments (South East) Ltd	Development and trading	100%
Helical Bar (Wales) Limited*	Development and trading	100%
Helical Properties Limited	Investment development and trading	100%
Helical Properties Investment Limited	Investment	100%
Intercontinental Land and Development Co. Ltd*	Investment development and trading	100%
Intercontinental Land (City Road) Limited	Development	100%
Theale Developments Ltd	Development	100%
Helical Bar (Leeds) Ltd	Development	100%
Helical (Strand) Ltd	Investment and trading	100%
Helical (Breams) Ltd	Investment and trading	100%
The Bristol International Festival of the Sea (1996) Ltd	Festival organiser	100%
Helical Limited	Trading	75%
Helical Bar Developments (Scotland) Ltd	Development and trading	75%
Helical Bar (Oxford) Ltd	Trading	75%
Helical Retail Limited	Development and trading	75%
Helical Retail (RBS) Limited*	Development and trading	75%

All principal subsidiary undertakings operate in the United Kingdom. Helical Bar Developments (Scotland) Limited is incorporated and registered in Scotland. All others are incorporated and registered in England and Wales.

*Ordinary capital is held by a subsidiary undertaking.

Notes to Financial Statements

	Group		Company	
	31 March 1997	31 January 1996	31 March 1997	31 January 1996
	£000	£000	£000	£000
14. Stock and long term contracts				
Costs to date of long term contracts	29,926	37,270	250	-
Properties held as trading stock	39,168	21,222	-	-
	69,094	58,492	250	-

Interest on capital borrowed to finance construction is included in work-in-progress to the extent of £3,533,000 (1996 £3,326,000). Interest capitalised during the period amounted to £3,624,000 (1996 £3,410,000).

	Group		Company	
	1997	1996	1997	1996
	£000	£000	£000	£000
15. Debtors				
Trade debtors	33,281	15,422	6	209
Taxation	2,914	1,665	2,383	1,365
Amounts owed by subsidiary undertakings	-	-	125,205	123,782
Other debtors	62	88	223	82
Prepayments and accrued income	8,296	7,356	2,094	2,603
	44,553	24,531	129,911	128,041

	Group	
	1997	1996
	£000	£000
16. Current asset investments		
Listed on the London Stock Exchange, at market value	-	341

Current asset investments were sold during the period.

	Group		Company	
	1997	1996	1997	1996
	£000	£000	£000	£000
17. Creditors: amounts falling due within one year				
Bank overdrafts and term loans	38,506	33,526	16,861	30,612
Trade creditors	12,182	18,780	87	49
Taxation	6,120	2,564	3,812	2,558
Social security costs and other taxation	1,496	475	438	46
Other creditors	682	-	257	-
Accruals and deferred income	13,287	6,805	2,179	973
Dividends payable	1,141	717	1,141	717
	73,414	62,867	24,775	34,955

Notes to Financial Statements

	Group		Company	
	31 March 1997	31 January 1996	31 March 1997	31 January 1996
	£000	£000	£000	£000
18. Creditors: amounts falling due after more than one year				
Bank loans repayable within:				
– 1-2 years	5,949	1,100	4,249	100
– 2-5 years	50,948	31,042	33,244	12,811
– after 5 years	104,786	92,068	9,255	20,000
	161,683	124,210	46,748	32,911
Deferred arrangement costs	(1,921)	(1,279)	(225)	(278)
	159,762	122,931	46,523	32,633

Bank overdrafts and term loans in creditors falling due within one year and after one year are secured against properties held by subsidiary undertakings to the value of £237,737,000 (1996 £223,088,000). These would be repayable when the underlying properties are sold.

	Group		Company	
	1997	1996	1997	1996
	£000	£000	£000	£000
19. Deferred taxation				

A provision for deferred tax is not considered to be necessary.

Amounts unprovided are:

– unrealised capital gains	5,248	4,389	-	-
– accelerated capital allowances	4,049	3,074	53	-
– other timing differences	1,482	2,080	67	-
	10,779	9,543	120	-

The amounts unprovided represent contingent liabilities at the balance sheet date and are calculated using a tax rate of 31%. No provision has been made for taxation which would accrue if the investment properties were disposed of at their revalued amounts. The amount unprovided is shown above under unrealised capital gains.

Notes to Financial Statements

20. **Share capital**	31 March 1997 £000	31 January 1996 £000
Authorised		
– 34,000,000 (1996 34,000,000) ordinary shares of 5p each	1,700	1,700
– 45,996,768 (1996 45,996,768) 5.25p convertible cumulative redeemable preference shares 2012 of 70p each	32,198	32,198
	33,898	33,898
Allotted, called up and fully paid at 31 March 1997		
Attributable to equity interests:		
– 16,652,265 (1996 16,284,658) ordinary shares of 5p each	833	814
Attributable to non equity interests:		
– 45,839,200 (1996 45,859,931) 5.25p convertible cumulative redeemable preference shares 2012 of 70p each	32,087	32,102
	32,920	32,916

Each year on 1 September until 2006, the preference shareholders have the right to convert their shares into ordinary shares at the rate of approximately 25.65 ordinary shares for every 100 convertible preference shares. On 1 September 1996, 20,731 preference shares were converted into 5,317 ordinary shares and on the same basis the remaining 45,839,200 preference shares would convert into 11,757,755 ordinary shares. With shareholders' approval the company may make market purchases of convertible preference shares until 15 July 2012 when they will be redeemed at 70p each with a final cash dividend of 30p.

The holders of 5.25p convertible redeemable preference shares have the right to vote at general meetings of the company when the preferential dividend is in arrears for six months or more, if a resolution is to be proposed varying the rights of the holders or on winding up.

On a winding up of the company the holders of the 5.25p convertible cumulative redeemable preference shares are entitled to repayment, in priority to all other shareholders, of a sum of 70p and all arrears of dividends.

Notes to Financial Statements

At 1 February 1996 options over 1,557,290 ordinary shares in the company had been granted to directors and employees under the company's Share Option Schemes. During the period options over 362,290 ordinary shares were exercised. The remaining options over 1,195,000 ordinary shares in the company are as follows:

	Exercise price per share p	Number of shares
Senior executive 1988 share option scheme		
Option period ending:		
- 7 June 1998	321	400,000
- 16 September 2002	71	30,000
- 9 March 2004	373	100,000
- 20 October 2004	352	200,000
Ordinary 1986 share option scheme		
Option period ending:		
- 28 September 1997	344	400,000
- 17 May 2003	204	15,000
- 20 October 2004	352	50,000
		1,195,000

The directors' interests in these Share Option Schemes are as follows:

Senior executive 1988 share option scheme

	At start of year	Number of options granted	Number of options exercised	At end of year	Exercise price	Market Price at date of exercise	Date from which exercisable	Expiry date
M. E. Slade	400,000	-	-	400,000	321p	-	08.06.93	07.06.98
N. G. McNair Scott	30,000	-	-	30,000	71p	-	17.09.97	16.09.02
G.A. Kaye	100,000	-	-	100,000	373p	-	10.03.99	09.03.04
	200,000	-	-	200,000	352p	-	21.10.99	20.10.04

Ordinary 1986 share option scheme

	At start of year	Number of options granted	Number of options exercised	At end of year	Exercise price	Market Price at date of exercise	Date from which exercisable	Expiry date
M. E. Slade	400,000	-	-	400,000	344p	-	29.09.90	28.09.97
N. G. McNair Scott	257,290	-	(257,290)	-	97.8p	380p	-	-
	45,000	-	(45,000)	-	73.67p	380p	-	-
	15,000	-	-	15,000	204p	-	18.05.96	17.05.03
G.A. Kaye	50,000	-	-	50,000	352p	-	21.10.97	20.10.04

During the period, N. G. McNair Scott exercised options over 302,290 ordinary shares. There have been no other changes in the above directors' interests in the period to 10 July 1997.

The market price at 31 March 1997 was 426.5p (1996 318p). This market price varied between 316p and 440p during the period.

21. Share premium and reserves

	Share premium account £000	Capital redemption reserve £000	Other non-distributable reserves £000	Revaluation reserve £000	Profit & loss account £000
Group					
At 1 February 1996	29	7,081	291	31,732	20,613
Profit retained	-	-	-	-	3,564
Revaluation of investment property	-	-	-	8,633	-
Realised on disposals	-	-	-	(4,011)	4,011
Premium on conversion of preference shares	15	-	-	-	-
Premiums on exercise of share options	310	-	-	-	-
Dividend on preference shares not yet payable	-	-	-	-	476
At 31 March 1997	354	7,081	291	36,354	28,664
Company					
At 1 February 1996	29	7,081	1,987	-	31,640
Profit retained	-	-	-	-	397
Premium on conversion of preference shares	15	-	-	-	-
Premium on exercise of share options	310	-	-	-	-
Dividend on preference shares not yet payable	-	-	-	-	476
At 31 March 1997	354	7,081	1,987	-	32,513

22. Reconciliation of operating profit to net cash inflow from operating activities

	14 months ended 31 March 1997 £000	Year ended 31 January 1996 £000
Operating profit	23,718	18,567
Depreciation	281	226
Profit on sale of fixed assets	(4)	-
Increase in debtors	(528)	(14,335)
Increase in creditors	982	13,510
Increase in stocks	(6,978)	(4,558)
(Profit)/loss on sale of current asset investments	(28)	46
Net cash inflow from operating activities	17,443	13,456

Notes to Financial Statements

23. Analysis of cash flows for headings netted in the cash flow statement

	14 months ended 31 March 1997 £000	Year ended 31 January 1996 £000
Return on investments and servicing of finance		
Interest received	637	695
Interest paid	(14,076)	(13,203)
Non-equity dividends paid	(2,908)	(2,408)
	(16,347)	(14,916)
Taxation		
Tax received	-	559
Tax paid	(694)	(457)
	(694)	102
Capital expenditure and financial investment		
Purchase of property	(53,880)	(31,417)
Sales of property	22,245	7,873
Purchase of tangible fixed assets	(735)	(905)
Sale of fixed assets	32	7
Sale of current asset investments	369	-
	(31,969)	(24,442)

24. Analysis of net debt

	At 1 February 1996 £000	Cash Flow £000	Other non cash changes £000	At 31 March 1997 £000
Cash at bank	12,634	8,862	-	21,496
Bank overdraft	(4,008)	2,168	-	(1,840)
	8,626	11,030	-	19,656
Debt due within one year	(29,518)	(7,148)	-	(36,666)
Debt due after more than one year	(124,210)	(37,473)	-	(161,683)
less: arrangement expenses	1,279	1,111	(469)	1,921
	(152,449)	(43,510)	(469)	(196,428)
Current asset investments	341	(369)	28	-
Total	(143,482)	(32,849)	(441)	(176,772)

25. Contingent liabilities

The company has entered into cross guarantees in respect of the banking facilities of its subsidiaries. The company has also entered into interest rate floors on £80 million at rates between 5.75% and 6.5% until the year 2000.

Other than these contingent liabilities and the deferred tax referred to in note 19 there were no contingent liabilities at 31 March 1997 (1996 Nil).

26. Capital commitments

At 31 March 1997 nil (1996 £191,000).