Highcroft Investment Trust P.L.C.

Report and Financial Statements for the Year Ended 31 December 1999

224271

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Directors and Advisers

Directors	Robert Craig, FCA (Non-executive Chairman) John Hewitt, MA (Non-executive) Tony Phillips (Non-executive) Dennis Price, MA, MB, ChB (Non-executive) Gavin Kingerlee (Chief Executive) David Kingerlee Jonathan Kingerlee
Company Secretary	David Bowman, BA, FCA
Auditors	Grant Thornton Registered Auditors Chartered Accountants 1 Westminster Way Oxford OX2 OPZ
Bankers	HSBC Bank PLC Lloyds TSB Bank PLC
Corporate Finance Advisers	Albert E Sharp Securities 80 Cheapside London EC2V 6NA
Property Stewards	Andrews & Robertson Chartered Surveyors 27 Camberwell Green London SE5 7AN
Registrars	IRG PLC Balfour House 390-398 High Road Ilford IG1 1NQ
Solicitors	Clarks Great Western House Station Road Reading RG1 1SX
Registered Office	Thomas House Langford Locks Kidlington Oxon. OX5 1HR

Highcroft Investment Trust P.L.C.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the seventy-second Annual General Meeting of the Company will be held at The Dog House Hotel, Frilford Heath, Oxfordshire on 7 June 2000 at 12 noon, for the following purposes.

To transact the following ordinary business:

1 To receive and consider the report and financial statements for the year ended 31 December 1999.

2 To approve a final dividend on the ordinary shares of the Company for the year ended 31 December 1999 to be paid on 9 June 2000 to shareholders registered on 8 May 2000.

3 To confirm the appointment of Mr John Hewitt, a member of the Audit Committee and Remuneration Committee, as a director of the Company.

4 To re-elect Mr Robert Craig, Chairman of the Audit Committee and Remuneration Committee, as a director of the Company (retiring by rotation).

5 To re-elect Mr Jonathan Kingerlee as a director of the Company (retiring by rotation).

6 To re-appoint Grant Thornton as auditors.

7 To authorise the directors to fix the remuneration of the auditors for the ensuing year.

8 To transact any other ordinary business of the Company.

By Order of the Board

D BOWMAN
Company Secretary

Thomas House
Langford Locks
Kidlington
Oxon
OX5 1HR

9 March 2000

Notes:

a Any member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of him or her; such proxy need not be a member of the Company.

b Directors' service contracts will be available for inspection, by appointment, from 9 March 2000 until 7 June 2000 at the Registered Office and at the place of the Annual General Meeting from 11.45 am on 7 June 2000 until the conclusion of the meeting.

c Biographical details for John Hewitt, Robert Craig and Jonathan Kingerlee are on page 8.

d Please note that a detachable proxy form is included at the back of this document.

Chairman's Statement

The directors are pleased to present the seventy-second Annual Report together with the audited financial statements of the Company.

The details below show that 1999 was another satisfactory year in most respects with increases in asset values, profits and dividends. This performance is set against the background of a somewhat more optimistic outlook for world and UK economies generally. The Company's exposure to property markets that have performed strongly during the year is clearly evidenced in rising valuations while continuing volatility on equity exchanges tempers our enthusiasm in this arena.

Our broad objectives remain to enhance shareholder value through a combination of rising asset values and increasing profits, intended to sustain long term dividend growth.

Summary results – operating activities

Operating profit was slightly down on the 1998 figure of £1,379,000 at £1,364,000. This reverse can be attributed to a number of factors that the directors consider to be to some extent exceptional in their nature.

General levels of income were largely unchanged on 1998 figures, in part due to the limited number of significant rent reviews effective during the year. However, gross rents receivable were down on 1998 as a result of the disposals made during the year. Property outgoings benefited from a substantial reduction, mainly as a result of the strategy of improving the property portfolio, and as a result, net property income showed a small increase. Administrative expenses increased and those in respect of the share buy-back amounted to £34,000. Additionally, the on-account payments of corporation tax arising under the new payment regime and the payment of recoverable advance corporation tax on the shares purchased by way of the buy-back ensured that cash balances were lower than otherwise might have been, which in turn reduced net interest.

Summary results – capital activities

Net assets show a good advance during the year of £3.1 million to £30.6 million and stood at 592p per share at 31 December 1999, a rise of 85p (17%) on the year. Of this increase, 12p arises from the buy-back of 260,000 shares which was completed during the year.

During the course of the year the Company completed the purchase of property assets at a cost of £5,550,000 (1998 nil) and investment assets of £1,058,000 (1998 £630,000). The net proceeds from property disposals during the year amounted to £3,341,000 (1998 £2,940,000) while investment disposals raised £1,271,000 (1998 £827,000).

Profits from the gains on these disposals amounted to £868,000 (1998 £547,000). Such gains are non distributable and, after taxation of £533,000 (1998 £247,000), are transferred to realised capital reserve.

Property

The Company continued to implement its strategy to improve the quality of the property portfolio by replacing those investments perceived as being of poorer quality with generally larger properties providing reliable covenants and appropriate yields. There is now clear evidence that despite the generally lower gross yields arising from the replacement properties the reduction in management and other costs is having a positive net impact on the profit and loss account. Although the broad objectives of this policy are likely to take a number of years to achieve, the directors are aware that new strategies will be required to respond both to the changing environment in the property sector and the ever present need to enhance the value of the portfolio.

There are 26 principal properties in the portfolio with an average value of £698,000 along with 28 lesser properties such as single residential properties and ground rent investments. The average value of these secondary investments is £53,000.

Chairman's Statement (continued)

Property (continued)

There were two significant additions to the portfolio during the year. The construction of a distribution centre in Kidlington, Oxon. was completed in August 1999 and occupied by the Post Office during the same month. This investment was purchased on an initial yield of 7.6%. This was a speculative project undertaken by a third party developer whereby the Company provided forward finance to purchase the site and construct the buildings with the security and comfort provided by a binding agreement to lease with the Post Office. As such it represented a significant departure from our normal method of acquisition and we are now seeking similar arrangements where exposure to a limited risk provides opportunities to acquire properties that may not otherwise be available to the Company. Additionally a substantial listed office building in central Bristol was acquired in August 1999. This property is the subject of a lease to Royal & Sun Alliance expiring in 2013 and is occupied by Eversheds solicitors on a sub-lease. This investment was purchased on an initial yield of 8.1%.

The second half of the year was a period of consolidation, with the continuing programme of property disposals and cash-flow arising from normal activities being used to re-establish cash reserves. This period of consolidation has continued since the year end and leaves the Company well placed to take advantage of any appropriate opportunities that may arise.

The property valuation reflects these activities showing a rise from £15.3 million to £19.6 million. Those properties that remained in the portfolio throughout the period show a rise in value equivalent to 10.6% (1998 9.5%). Further analysis of the property portfolio may be found on page 29.

Listed Investments

Following a positive first half year, markets fell during the third quarter but recovered well towards the end of the year. Our stance has remained cautious as we perceive that the threat of downward corrections in the US and UK markets particularly cannot be discounted. The continuing effects of the strength of sterling on the UK manufacturing sector, exacerbated during the latter part of the year by rising interest rates, are additional causes for concern. The early months of 2000 saw markets once again in reverse, and we expect volatility to be the key word for the immediate future. The takeover of M & G Group PLC early in 1999 provided only a temporary boost to cash reserves as these proceeds were reinvested during the following months.

Our gross income from listed investments was affected by changes during 1999 to the rate of tax credits, consequently the underlying trend was more positive than the figure of £387,000 (1998 £382,000) indicates. Listed investment income net of tax credits was £352,000 in 1999 and £315,000 in 1998, an increase of 11%. An analysis of listed investments may be found on page 28.

Directors

We were pleased to welcome John Hewitt to the Board on 1 August 1999 and you will be asked to confirm his appointment at the AGM. John has extensive experience in the investment field and we look forward to his positive contribution in the future. His brief biography appears on page 8.

Dennis Price will reach 70 in May 2000 and will retire from the Board at that time. He has served as a Director for 30 years and his wise counsel will be greatly missed.

Summary

It has been another active year. We are confident that the Company's strategies during recent years will continue to enhance the position of your Company, while emerging policies in a number of key areas will bring further benefits in the future.

R CRAIG
Chairman

9 March 2000

Corporate Governance

APPLICATION OF PRINCIPLES

The Company has applied the principles of good governance contained in the Combined Code (Principles of Good Governance and Code of Best Practice) except as noted in the Compliance Statement on page 7.

Directors

The Company supports the concept of an effective Board leading and controlling the Company. The Board is responsible for approving Company policy and strategy. It meets four times a year and has a schedule of matters specifically reserved for its decision. The Board receives appropriate and timely information and the directors are free to seek any further information they consider necessary. All directors have access to advice from the Company Secretary and independent professionals at the Company's expense. Appropriate training is available for new directors and other directors as necessary.

The Board consists of three executive directors and four non-executive directors. The non-executive directors bring experience and knowledge and are independent of management and any business or other relationship which could interfere with the exercise of their independent judgement. This provides a balance whereby the Board's decision-making cannot be dominated by an individual or small group. The Chairman is Robert Craig, the Senior Independent Director is John Hewitt and the Chief Executive is Gavin Kingerlee. The Board members' biographies are on page 8.

All directors are subject to re-election every three years and, on appointment, at the first AGM after appointment. Because the Board is small, a separate nomination committee has not been established. Instead, the Nomination Committee is a committee comprising the whole Board and is responsible for making both executive and non-executive appointments to the Board.

Directors' remuneration

The Company recognises that directors' remuneration is of legitimate concern to shareholders and is committed to following current best practice in so far as it is appropriate to a company of our size. Executive directors' remuneration is reviewed annually having regard to the work done and the profits of the business but without a specific corporate or individual performance related element. Executive directors are given service contracts not longer than three years, but in any event having a notice period by either party of six months.

The Remuneration Committee, which carries out the policy on behalf of the Board, comprises the four independent non-executive directors. It determines the terms and conditions and the remuneration of the executive directors. It meets annually. As well as considering conditions in the Group as a whole, the Committee takes into account the position of the Company relative to other companies and is aware of market trends. However, comparisons are treated with caution to avoid an upward ratchet in remuneration. The Committee consults the Chief Executive and has access to professional advice.

The remuneration of non-executive directors is determined by the whole Board.

The Remuneration Committee does not consider that any compensation commitments are appropriate in the event of early termination of directors' contracts.

Code provision B.2.6 requires that the Chairman should ensure that the Company maintains contact as required with its principal shareholders about remuneration. However, this Company's principal shareholder is Kingerlee Holdings Limited and, as that Company is a related party, the Board does not consider it appropriate for it to be involved in the decisions of the Company.

The Board's Report on Remuneration is on page 12. It sets out the Company's policy and the full details of all elements of the remuneration package of each individual director.

Corporate Governance (continued)

Relations with shareholders

We have no institutional shareholders. However, the Company values the views of its shareholders and recognises their interest in the Company's strategy and performance, board membership and quality of management. The AGM is used to communicate with private investors and documents are sent to shareholders at least 20 working days before the meeting. The Chairman, in his capacity as Chairman of the Audit, Remuneration and Nomination Committees is available to answer relevant questions. Separate resolutions are proposed on each substantially separate issue so that they can be given proper consideration and there is a resolution to receive and consider the annual report and financial statements. The Company counts all proxy votes and will indicate the level of proxies lodged on each resolution, after it has been dealt with by a show of hands.

Accountability and audit

The Board presents a balanced and understandable assessment of the Company's position and prospects in all interim and other price-sensitive public reports, reports to regulators and information required to be presented by statute. The responsibilities of the directors as regards the financial statements are described on page 13, and that of the auditors on page 14. A statement on going concern appears on page 10.

The Audit Committee comprises the independent non-executive directors of the Company who are Robert Craig (Chairman), John Hewitt, Tony Phillips and Dennis Price. The written terms of reference of the Committee, which deal clearly with its authority and duties, include keeping under review the scope and results of the external audit and their cost-effectiveness. The Committee ensures the independence and objectivity of the external auditors. This includes reviewing the nature and extent of non-audit services supplied by the external auditors to the Company, seeking to balance objectivity and value for money.

Internal control

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investment and the Company's assets. A report on the annual review of the effectiveness is on page 10. This review has been undertaken in accordance with the guidance for directors on internal controls and financial reporting that was issued by the Rutteman Working Group in December 1994 pending the publication of guidance in respect of the Code provision D.2.1 by the working party set up by the Institute of Chartered Accountants in England and Wales. The Board keeps under review whether an internal audit function would add value to the Company.

COMPLIANCE STATEMENT

The Company has complied throughout the year with the Code provisions set out in Section 1 of the Combined Code except that no performance related payments were made to directors, which is not in accordance with Code provision B.1.4, and that the Chairman does not ensure that the Company maintains contact with its principal shareholder about remuneration, which is not in accordance with Code provision B.2.6.

In complying with Code Provision D.2.1, on internal control, the Company has adopted the transitional approach of reporting on internal financial control allowed by the London Stock Exchange in its letter of 27 September 1999.

By Order of the Board

D Bowman

D BOWMAN
Company Secretary

9 March 2000

Report of the Directors

Principal activities

Your Company is a financial trust, holding both property and stock exchange securities. It is not an approved investment trust for the purposes of Section 842 of the Income and Corporation Taxes Act 1988.

Results and dividends

The profit for the financial year amounted to £1,359,000 compared with £1,285,000 for 1998. Included in the profit for the financial year are gains on disposals of assets after taxation of £335,000 (1998 £300,000). In accordance with the Company's Articles of Association these have been taken to realised capital reserve. The profit available for distribution was £1,024,000 (1998 £985,000).

An interim dividend of 2.75p per share was paid on 31 October 1999 and a final dividend of 5.05p per share is now recommended for payment on 9 June 2000. The total ordinary dividend of 7.8p (1998 7.1p) payable per share, less £12,000 unpaid from 1998, will absorb £391,000 leaving £633,000 retained.

For the review of the business, see the Chairman's Statement on pages 4 and 5.

Directors

The directors are as follows:

Robert Craig: Robert Craig, 66, is a chartered accountant and was for many years senior partner of a firm of stockbrokers which is now part of Capel Cure Sharp. He was appointed non-executive Chairman of the Company in September 1993.

John Hewitt: John Hewitt, 54, worked in the City of London in stockbroking for over 20 years where he became Managing Director of Scrimgeour Vickers. He now splits his time between advising local and international businesses and organisations, and charitable fund-raising in the medical and academic world. He was appointed as a non-executive director on 1 August 1999.

Dennis Price: Dennis Price, 69, was a director of the Company for 22 years before he became a non-executive director in September 1993. In line with Company policy, he will retire from the Board on his 70th birthday in May 2000.

Tony Phillips: Tony Phillips, 65, was a director of the Company for 24 years before he became a non-executive director in January 1997.

Gavin Kingerlee: Gavin Kingerlee, 63, has been a director of the Company since 1970. Having previously been Chairman, he became Chief Executive in 1993. He is a director of the Kingerlee Group of companies and SMT (London) Limited and was previously a founding director of Aurelia Plastics Limited.

David Kingerlee: Having been an executive officer of the Company, David Kingerlee, 38, became an executive director in 1996. He is also an executive director and Company Secretary of the Kingerlee Group of companies, which trades principally in construction and property development and also has various investment interests.

Jonathan Kingerlee: Having been an executive officer of the Company and Company Secretary, Jonathan Kingerlee, 39, became an executive director in 1995. He is Chief Executive of the Kingerlee Group of companies, which trades principally in construction and property development and also has various investment interests.

Report of the Directors (continued)

Directors

All of the directors listed below served on the Board throughout the year with the exception of John Hewitt who was appointed on 1 August 1999. Confirmation of this appointment is being sought at the AGM.

Robert Craig and Jonathan Kingerlee retire by rotation and, being eligible, offer themselves for re-election. The unexpired terms of their contracts at 7 June 2000 are, in each case, two years and six months.

All directors have service contracts with the Company which expire on 31 December 2002, with the exception of John Hewitt whose contract expires on 31 July 2002.

Interests of the directors in the shares of the Company

The beneficial and other interests of the directors, and their families, in the shares of the Company at 1 January 1999 and at 31 December 1999 were as follows:

	31 December 1999		1 January 1999	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
R Craig	58,772	30,000	56,272	30,000
J Hewitt	10,000	–	–	–
D H Kingerlee	103,900	39,300	107,400	36,600
G J Kingerlee	191,650	–	191,650	–
J C Kingerlee	92,096	–	92,096	–
C A Phillips	52,850	2,000	52,850	2,000
D T Price	87,557	–	60,722	379,340

There is no duplication of directors' shareholdings.

There were no changes in the interests of the directors in the period from 1 January 2000 to 9 March 2000.

Substantial shareholders

As at 9 March 2000 the following notifications of interests in three per cent or more of the Company's ordinary share capital in issue at the date of this report had been received

		Number of shares	
		Beneficial	Non-beneficial
Kingerlee Holdings Limited	(23.8%)	1,227,410	–
D G & M B Conn and associates	(6.1%)	314,597	–
G J Kingerlee	(3.7%)	191,650	–
F H Kingerlee	(3.2%)	166,500	–

Own share purchase

On 10 March 1999, the Company completed the off-market purchase of 260,000 of its own shares for £871,000, a price of £3.35 per share, from Dennis Price (a non-executive director) and Peter Clark as executors of the estate of Margaret Price. Those shares were subsequently cancelled, leaving a total issued share capital of 5,167,240 ordinary shares. The costs of this transaction were incurred in both 1998 and 1999 and are dealt with in the profit and loss account.

Report of the Directors (continued)

Internal control

The Board has begun a process by which the regular review of the operation and effectiveness of the Group's system of internal financial control is being expanded to cover all controls, not just those of a purely financial nature. The review has been undertaken in response to the Stock Exchange requirement that the Board should maintain a sound system of internal control and that there should be a review, at least annually, of the effectiveness of that system.

Full compliance will be required for the year ending 31 December 2000. The requirement for the year ended 31 December 1999 is that the Board should have a plan in place by which full compliance will be achieved by the end of this year. The Board does have such a plan and it is being steadily worked through. The Board is confident that full compliance will be achieved, as required. In order to fulfil the Board's responsibility regarding internal financial controls, in a manner which ensures compliance with laws and regulations and encourages effective and efficient operations, the directors have established a clear structure, procedures and a system of internal financial control. It must be recognised that such a system can provide only reasonable and not absolute assurance. In that context, the review of the system revealed nothing which, in the opinion of the Board, was inappropriate or unsatisfactory.

Internal financial controls are those established in order to provide reasonable assurance of:

a the safeguarding of assets against loss, unauthorised use or disposal; and

b the maintenance of proper accounting records and the reliability of financial information used within the business or for publication.

The key features of the system are:

a clear limits of authority;

b annual revenue, cash flow and capital forecasts, reviewed regularly during the year, monthly monitoring of cash flow and capital expenditure reported to the Board, quarterly and half year revenue comparisons with forecasts;

c financial controls and procedures, including information systems;

d clear guidelines for capital expenditure and disposals, including defined levels of authority;

e an Audit Committee which approves audit plans and published financial information and reviews reports from external auditors arising from the audit, dealing with any significant control matters raised.

Year 2000 compliance

As of the date of this report, the directors are not aware of any problems related to the Year 2000 issue which have affected the Company. Given the complexity of the issue, it is not possible for any organisation to guarantee that no Year 2000 problems remain. However, the directors believe that the Company has acceptable contingency plans. There were no costs associated with compliance.

Going concern

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 in preparing the financial statements.

Report of the Directors (continued)

Policy on the payment of creditors	The Group normally agrees payment terms with suppliers as part of the establishment of a contract. It is the Group's normal practice to pay its suppliers before the end of the month following the month of supply. This policy applies for the current financial year and applied in 1999 when average creditor days were 43 (1998 21).
Charitable donations	Donations to charitable organisations amounted to £3,000.
Auditors	Grant Thornton offer themselves for re-appointment as auditors in accordance with Section 385 of the Companies Act 1985.

By Order of the Board

D BOWMAN
Company Secretary

9 March 2000

Highcroft Investment Trust P.L.C.

Report of the Directors on Remuneration

1 **Composition of the Remuneration Committee**
The members of the committee are Robert Craig (Chairman), John Hewitt, Tony Phillips and Dennis Price. 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.

2 **Terms of Reference**
The approved Terms of Reference of the Remuneration Committee are as follows:

The Remuneration Committee is established in order to determine the Company's policy on executive directors' remuneration and the specific remuneration packages for each of the executive directors, including any pension rights and any compensation payments.

The Remuneration Committee consults the Chief Executive about their proposals relating to the remuneration of other executive directors but he is not present for the discussion of his own remuneration. The Committee has access to advice from independent professionals at the Company's expense.

3 **Policy**
Executive directors' remuneration is reviewed annually having regard to the work done and the *profits of the business but without a fixed relationship between profits and pay. Executive directors* are given service contracts not longer than three years, but in any event having a notice period by either party of six months.

The remuneration of the non-executive directors is determined by the whole Board.

Code provision B.2.6 requires that the Chairman should ensure that the Company maintains contact as required with its principal shareholders about remuneration. However, this Company's principal shareholder is Kingerlee Holdings Limited and, as that Company is a related party, the Board does not consider it appropriate for it to be involved in the decisions of the Company.

4 **Directors' remuneration**

	1999 £	1998 £
Robert Craig (Chairman)	*10,000*	*10,000*
John Hewitt	2,500	-
David Kingerlee	11,500	11,000
Gavin Kingerlee	26,000	25,000
Jonathan Kingerlee	18,000	17,000
Tony Phillips	7,000	7,000
Dennis Price	5,000	5,000
	80,000	75,000

These figures represent salaries earned as directors during the relevant financial year. There were no benefits in kind and no performance related payments were made. The Group does not have a pension scheme for directors nor an executive share option scheme or other long term incentive plan for directors.

5 **Directors' interests**
Directors' interests are shown in the Report of the Directors on page 9. They are taken from the Company's Register of Directors' Interests which is open to inspection, by appointment, at the registered office.

R CRAIG
Chairman

9 March 2000

Statement of Directors' Responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in operational existence for the foreseeable future.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements are prepared in accordance 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.

The directors confirm that the accounting policies adopted in the preparation of the financial statements are appropriate to the Group, have been consistently applied and are supported by reasonable and prudent judgements and estimates. All applicable accounting standards have been followed.

By Order of the Board

D BOWMAN
Company Secretary

9 March 2000

Highcroft Investment Trust P.L.C.

Report of the Auditors

to the members of Highcroft Investment Trust P.L.C.

We have audited the financial statements on pages 15 to 27 which have been prepared under the accounting policies set out on page 19.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of the annual report, including as described on page 13, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities as independent auditors are established by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the Group is not disclosed.

We review whether the statement on pages 6 and 7 reflects the Company's compliance with those provisions of the Combined Code specified for our review by the Stock Exchange, and we report if it does not. We are not required to form an opinion on the effectiveness of the Group's corporate governance procedures or its internal controls.

We read the other information contained in the annual report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31 December 1999 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

GRANT THORNTON
Registered Auditors
Chartered Accountants
Oxford

9 March 2000

Group Profit and Loss Account

for the year ended 31 December 1999

	Note	£'000	1999 £'000	1998 £'000
Income from fixed asset investments and other interest receivable	2		1,580	1,589
Administrative expenses				
Purchase of own shares		34		48
Other	3	182	216	162
Operating profit			1,364	1,379
Gains on disposals of assets	5		868	547
Profit on ordinary activities before taxation			2,232	1,926
Taxation	6		873	641
Profit for the financial year	7		1,359	1,285
Gains on disposals of assets after taxation taken to realised capital reserve	15		335	300
Profit available for distribution			1,024	985
Dividends	8		391	386
Profit retained	15		633	599
Earnings per share	9			
Including gains on disposals of assets			26.1p	23.7p
Excluding gains on disposals of assets			19.6p	18.1p

The accompanying notes form an integral part of these financial statements.

Highcroft Investment Trust P.L.C. and its subsidiary undertakings

Balance Sheets

at 31 December 1999

		The Group		The Company	
	Note	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Fixed assets					
Tangible assets	10	19,637	15,291	–	–
Investments	11	11,333	9,822	31,096	27,245
		30,970	25,113	31,096	27,245
Current assets					
Debtors	12	386	1,251	177	895
Cash at bank		415	2,644	8	57
		801	3,895	185	952
Creditors					
Amounts falling due within one year	13	1,170	1,497	680	686
Net current (liabilities)/assets		(369)	2,398	(495)	266
Total assets less current liabilities		30,601	27,511	30,601	27,511
Capital and reserves					
Called up share capital	14	1,292	1,357	1,292	1,357
Revaluation reserve – property	15	5,219	5,421	–	–
– other	15	6,959	5,858	26,394	22,953
Capital redemption reserve	15	95	30	95	30
Realised capital reserve	15	11,274	8,845	2,104	1,648
Profit and loss account	15	5,762	6,000	716	1,523
Shareholders' funds – equity	17	30,601	27,511	30,601	27,511

These financial statements were approved by the Board of Directors on 9 March 2000.

R CRAIG

G J KINGERLEE

Directors

The accompanying notes form an integral part of these financial statements.

Group Cash Flow Statement

for the year ended 31 December 1999

	Note	£'000	1999 £'000	£'000	1998 £'000
Net cash inflow/(outflow) from operating activities	18		2,044		(721)
Taxation					
Taxation paid			(1,026)		(442)
Capital expenditure and financial investment					
Purchase of fixed assets – properties		(5,550)		–	
– listed investments		(1,058)		(630)	
Sale of fixed assets – properties		3,341		2,940	
– listed investments		1,271		827	
Net cash (outflow)/inflow from capital *expenditure and financial investment*			(1,996)		3,137
Financing					
Purchase of own shares			(871)		–
Dividends					
Equity dividends paid			(380)		(367)
(Decrease)/increase in cash	19		(2,229)		1,607

Total Recognised Gains and Losses and Historical Cost Profits and Losses

for the year ended 31 December 1999

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1999 £'000	1998 £'000
Profit for the financial year	1,359	1,285
Unrealised surplus on revaluation of investment properties	1,488	1,325
Unrealised surplus on revaluation of listed and unlisted investments	1,505	785
Total recognised gains and losses for the year	4,352	3,395

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	1999 £'000	1998 £'000
Profit on ordinary activities before taxation	2,232	1,926
Realisation of revaluation gains of previous years		
– attributable to investment properties	1,690	1,267
– attributable to listed and unlisted investments	404	247
Historical cost profit on ordinary activities before taxation	4,326	3,440
Historical cost profits retained	633	599

Notes to the Financial Statements

for the year ended 31 December 1999

1 Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention except for the revaluation of fixed assets and fixed asset investments.

The principal accounting policies of the Group are set out below. The policies have remained unchanged and have been applied consistently.

Basis of consolidation
The Group financial statements consolidate the financial statements of the Company and subsidiary undertakings listed in note 11 iv which are all made up to 31 December 1999.

Income from fixed asset investments
Income from fixed asset investments includes rents and interest receivable and dividends received in the year, including tax credits.

Investment properties
The Group's properties are held for long-term investment and are included in the balance sheet at their open market existing use value in accordance with Statement of Standard Accounting Practice No. 19. The surpluses or deficits on annual revaluation of such properties are transferred to the property revaluation reserve. Depreciation is not provided in respect of freehold properties. Leasehold properties are not amortised where the unexpired term is over twenty years.

This policy represents a departure from statutory accounting principles, which require depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view, because current 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 reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Additions and disposals are recognised according to the date of exchange of contract provided that completion has taken place prior to the approval of the financial statements.

Investments
Investments are included at the following valuations:
i Shares in subsidiary undertakings – net assets as shown by their financial statements.
ii Listed investments (all listed on a recognised investment exchange) – at market value.
iii Unlisted investments – at market value estimated by the directors.

Deferred taxation
Deferred taxation is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred taxation is disclosed as a contingent liability.

Deferred taxation in respect of capital gains on sales of properties is provided on those sales arising after the year end from decisions to sell made prior to the year end.

Gains on disposals of assets
Gains on disposals of assets are the excess of net proceeds over the valuation at the beginning of the year. They are not available for distribution under the individual Group companies' articles of association and are taken to realised capital reserve.

Notes to the Financial Statements (continued)

for the year ended 31 December 1999

2 Income from fixed asset investments and other interest receivable

		1999		1998
	£'000	£'000	£'000	£'000
From investment properties:				
Rents receivable		1,246		1,378
Less outgoings		(108)		(249)
		1,138		1,129
From listed fixed asset investments	387		382	
Other interest receivable	55		78	
		442		460
		1,580		1,589

The income shown above was generated in the United Kingdom with the exception of £75,000 (1998 £45,000) of income from listed fixed asset investments.

3 Administrative expenses

	1999	1998
	£'000	£'000
Directors and employees (note 4)	115	104
Auditors' remuneration:		
Audit services	14	13
Taxation and other	11	13
Other expenses	42	32
	182	162

4 Directors and employees

	1999	1998
Staff costs during the year:	£'000	£'000
Remuneration	106	95
Social security costs	9	9
	115	104

The average number of employees of the Group during the year was 8 (1998 8).

Remuneration in respect of directors was as follows:

	1999	1998
	£'000	£'000
Directors' remuneration	80	75

More detailed information concerning directors' remuneration is shown in the Report of the Directors on Remuneration on page 12.

Notes to the Financial Statements (continued)

for the year ended 31 December 1999

5 Gains on disposals of assets

	1999	1998
Gains on disposals of assets arising on sales of:	£'000	£'000
Properties	648	506
Investments	220	41
	868	547

6 Taxation

The taxation charge at 30.3% (1998 31%) is based on the profit for the year and is made up as follows:

	1999	1998
	£'000	£'000
Corporation tax	305	327
Corporation tax on disposals of assets	533	247
Tax attributable to franked investment income	35	67
	873	641

7 Profit for the financial year

The Company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The Group profit for the year includes £64,000 (1998 £1,144,000) which is dealt with in the financial statements of the Company.

8 Dividends

	1999	1998
Ordinary Shares	£'000	£'000
Interim dividend of 2.75p per share paid (1998 2.5p)	142	136
Proposed final dividend of 5.05p per share (1998 4.6p)	261	250
	403	386
1998 final dividend not paid on 260,000 own shares purchased	(12)	–
	391	386

9 Earnings per share

The calculation of earnings per ordinary share is based on the profit for the financial year of £1,359,000 (1998 £1,285,000) and on 5,216,391 (1998 5,427,240) ordinary shares of 25p each which is the weighted average number of shares in issue during the year ended 31 December 1999.

In view of the uneven nature of capital disposals, an adjusted earnings per share has also been presented, based on the profit available for distribution of £1,024,000 (1998 £985,000). The effect of the adjustment is as follows:

	1999	1998
Earnings per share	26.1p	23.7p
Adjustment for gains on disposals of assets	(6.5p)	(5.6p)
	19.6p	18.1p

Notes to the Financial Statements (continued)

for the year ended 31 December 1999

10 Tangible assets

The Group

		Land and buildings (Investment properties)	
	Total	Freeholds	Long leaseholds
	£'000	£'000	£'000
Valuation at 1 January 1999	15,291	14,601	690
Additions	5,550	5,550	–
Disposals	(2,692)	(2,692)	–
Surplus on revaluation	1,488	1,488	–
Valuation at 31 December 1999	19,637	18,947	690

If land and buildings had not been revalued they would have been included on the historical cost basis at the following amounts:

		Land and buildings (Investment properties)	
	Total	Freeholds	Long leaseholds
	£'000	£'000	£'000
Cost and net book amount at 31 December 1999	14,297	13,362	935
Cost and net book amount at 31 December 1998	*9,748*	*8,813*	*935*

In accordance with Statement of Standard Accounting Practice No.19, freehold and leasehold properties have been valued by Alan Frederick Conning, FRICS, Joint Senior Partner of Andrews & Robertson, Chartered Surveyors. The valuation has been conducted by him as an external valuer.

The valuation has been prepared as at 31 December 1999, in accordance with the Appraisal & Valuation Manual of the Royal Institution of Chartered Surveyors, on the basis of the properties' open market existing use value. This value has been incorporated into the financial statements.

Notes to the Financial Statements (continued)

for the year ended 31 December 1999

11 Investments

i

	Total	Listed	Unlisted
The Group	£'000	£'000	£'000
Valuation at 1 January 1999	9,822	9,786	36
Additions at cost	1,058	1,058	–
Disposals	(1,052)	(1,052)	–
Surplus on revaluation	1,505	1,511	(6)
Valuation at 31 December 1999	11,333	11,303	30

ii

		Shares in subsidiary	Other investments	
	Total	undertaking	Listed	Unlisted
The Company	£'000	£'000	£'000	£'000
Valuation at 1 January 1999	27,245	17,423	9,786	36
Additions at cost	1,058	–	1,058	–
Disposals	(1,052)	–	(1,052)	–
Surplus on revaluation	3,845	2,340	1,511	(6)
Valuation at 31 December 1999	31,096	19,763	11,303	30

iii If investments had not been revalued they would have been included on the historical cost basis at the following amounts:

		Shares in subsidiary	Other investments	
	Total	undertaking	Listed	Unlisted
	£'000	£'000	£'000	£'000
Cost at 31 December 1999	4,017	354	3,637	26
Cost at 31 December 1998	3,608	354	3,228	26

iv At 31 December 1999, the Group held more than 20% of the allotted ordinary share capital and voting rights of the following companies:

Subsidiary undertaking	Parent Company	The Group	Nature of business
Rodenhurst Estates Limited	100%		Property owning
The County of London Estates Company, Limited		100%	Property owning
Heaverton Estates Limited		100%	Property owning
Kingerlee Properties Limited		100%	Property owning

All of the subsidiary undertakings are companies registered in England and Wales and operating in England.

Notes to the Financial Statements (continued)

for the year ended 31 December 1999

12 Debtors

	The Group		The Company	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
Amounts owed by subsidiary undertakings	–	–	166	895
Other debtors	386	1,039	11	–
Deferred taxation (note 16)	–	212	–	–
	386	1,251	177	895

13 Creditors – amounts falling due within one year

	The Group		The Company	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
Amounts owed to subsidiary undertakings	–	–	340	280
Current corporation tax	400	767	4	40
Proposed dividend	261	250	261	250
Other creditors	509	480	75	116
	1,170	1,497	680	686

14 Share capital

	1999	1998
	£'000	£'000
Authorised 8,000,000 ordinary shares of 25p each	2,000	2,000
Allotted, called up and fully paid 5,167,240 (1998 5,427,240) ordinary shares of 25p each	1,292	1,357

On 10 March 1999, the Company purchased 260,000 of its own shares after which they were cancelled, leaving 5,167,240 in issue. The purchase consideration was met out of distributable profits and an amount equal to the total nominal value of the shares cancelled was transferred to the capital redemption reserve (note 15).

Notes to the Financial Statements (continued)

for the year ended 31 December 1999

15 Reserves

	Non-distributable			Distributable	
	Revaluation reserves		Capital redemption reserve	Realised capital reserve	Profit and loss account
	Property	Other			
i The Group	£'000	£'000	£'000	£'000	£'000
At 1 January 1999	5,421	5,858	30	8,845	6,000
Purchase of own shares	–	–	65	–	(871)
Retained profit for the year	–	–	–	–	633
Gains on disposals of assets after taxation	–	–	–	335	–
Surplus attributable to assets sold in the year	(1,690)	(404)	–	2,094	–
Surplus on revaluation of assets	1,488	1,505	–	–	–
At 31 December 1999	5,219	6,959	95	11,274	5,762

ii The Company	£'000	£'000	£'000	£'000
At 1 January 1999	22,953	30	1,648	1,523
Purchase of own shares	–	65	–	(871)
Retained profit for the year	–	–	–	64
Gains on disposals of assets after taxation	–	–	52	–
Surplus attributable to assets sold in the year	(404)	–	404	–
Surplus on revaluation of assets	3,845	–	–	–
At 31 December 1999	26,394	95	2,104	716

16 Deferred taxation

Deferred taxation provided and unprovided for in the financial statements is set out below and is calculated using a tax rate of 30% (1998 31%).

	Amount provided		Amount unprovided	
	1999	1998	1999	1998
i The Group	£'000	£'000	£'000	£'000
Unrealised capital gains	–	–	2,752	2,707
Recoverable advance corporation tax	–	(212)	–	–
	–	(212)	2,752	2,707

ii The Company	£'000	£'000	£'000	£'000
Unrealised capital gains	–	–	5,812	5,377
Recoverable advance corporation tax	–	–	–	–
	–	–	5,812	5,377

Notes to the Financial Statements (continued)

for the year ended 31 December 1999

17 Reconciliation of movements in shareholders' funds

	1999 £'000	1998 £'000
Profit for the financial year	1,359	1,285
Purchase of own shares	(871)	–
Dividends	(391)	(386)
	97	899
Other recognised gains and losses:		
Surplus on revaluation of assets	2,993	2,110
Net increase in shareholders' funds	3,090	3,009
Shareholders' funds at 1 January 1999	27,511	24,502
Shareholders' funds at 31 December 1999	30,601	27,511

18 Reconciliation of operating profit to net cash flow from operating activities

	1999 £'000	1998 £'000
Operating profit	1,364	1,379
Decrease/(increase) in debtors	653	(293)
Increase/(decrease) in creditors	27	(1,807)
Net cash inflow/(outflow) from operating activities	2,044	(721)

19 Analysis of changes in net funds

	1999	1998
Cash at bank	£'000	£'000
At 1 January 1999	2,644	1,037
Net cash (outflow)/inflow	(2,229)	1,607
At 31 December 1999	415	2,644

20 Capital commitments

Neither the Group nor the Company had any capital commitments at 31 December 1999 or 31 December 1998.

21 Contingent liabilities

There were no contingent liabilities at 31 December 1999 or 31 December 1998 except in respect of deferred taxation (note 16).

22 Related party transactions

Kingerlee Holdings Limited owns 23.8% (1998 22.4%) of the Company's shares and D H Kingerlee, G J Kingerlee and J C Kingerlee are directors and shareholders of both the Company and Kingerlee Holdings Limited. During the year, the Group has made purchases from Kingerlee Holdings Limited or its subsidiaries, mainly of repairs to property and a service charge in relation to services provided at Thomas House, Kidlington and, previously, at Lamarsh Road, Oxford. The amount involved was £14,000 (1998 £14,000), of which £13,000 (1998 £11,000) was owing at 31 December 1999. All transactions were undertaken on an arm's length basis.

Notes to the Financial Statements (continued)

for the year ended 31 December 1999

23 Derivatives and other financial instruments

Set out below are the narrative and numerical disclosures relating to financial instruments. The Group has taken advantage of the exemption available under Financial Reporting Standard 13 "Derivatives and other financial instruments" not to provide numerical disclosures in relation to short-term debtors and creditors.

Financial instruments
The Group's financial instruments comprise cash, overdraft facilities and various items such as short-term debtors and creditors that arise from its operations. The Group has no derivatives. The main purpose of these financial instruments is to fund the short-term working capital requirement of the business.

The main risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged throughout the year.

Interest rate risk
The Group finances its operations through retained profits and the use of overdraft facilities. The Group places its cash balances on deposit at rates which are fixed in the short term but for sufficiently short periods that there is no need to hedge against the implied risk. When borrowing is required to fund property purchases, overdraft facilities are used and floating rates of interest apply. No interest rate swaps are used.

Liquidity risk
Short term flexibility is achieved by overdraft facilities. These facilities were used during the year, for short periods of time, but there were no borrowings at the year end, nor at the beginning of the year. It is the Group's policy to keep facilities in place in order to provide flexibility in the management of the Group's liquidity. At 31 December 1999, the Group had committed facilities of £1,500,000 with its banks in relation to overdraft facilities, none of which had been drawn down at the year end. The overdraft facilities are subject to annual review, the next reviews being due in August 2000.

Currency risk
The Group is not exposed to currency risk as it does not trade in foreign currencies.

Fair value and maturity of financial instruments
At 31 December 1999 the Group had no borrowings.

Analysis of Listed Investments

for the year ended 31 December 1999

	1999 %	1998 %
Banks	17.1	15.8
Brewing and Leisure	4.0	4.8
Building and Contractors	1.9	2.0
Convertible Loan Stocks	–	2.7
Electrical, Electronic and Telecommunications	6.2	5.2
Engineering	3.6	1.6
Fixed Interest	1.4	1.6
Insurance	8.2	9.2
Information Technology	8.3	2.4
Media, Paper and Packaging	5.6	3.9
Mining	2.0	1.4
Oil and Gas	4.3	3.7
Other Financials	4.2	8.0
Pharmaceuticals and Healthcare	8.5	10.4
Real Estate	6.4	4.6
Retailing and Food	5.3	9.0
Tobacco	0.6	1.3
Utilities	3.8	8.5
Miscellaneous	8.6	3.9
	100.0%	100.0%
Geographical:		
UK	84.9	85.4
Europe	7.2	7.3
Australia	4.6	4.8
North America	1.8	1.9
Far East	1.5	0.6
	100.0%	100.0%

Largest equity holdings of the Company

	Valuation of holding at 31 December 1999 £'000
The Sage Group PLC	529
HSBC Holdings plc	458
Glaxo Holdings p.l.c.	455
CGU plc	365
Pearson plc	321
British Telecommunications plc	295
Standard Chartered Bank plc	288
Provident Financial plc	270
ANZ Banking Group Limited	266
The Shell Transport and Trading Company, p.l.c.	262

The value of the above ten investments represents 31% of the value of the listed investment portfolio of the Company at 31 December 1999. Convertibles and all classes of equity in any one company have been treated as one investment.

Largest Property Holdings of the Group

for the year ended 31 December 1999

Largest property holdings of the Group

	Valuation of holding at 31 December 1999 £'000
Office building in central Bristol	2,520
Distribution centre in Kidlington, Oxfordshire	2,500
Radio station and office building in north Oxford	2,400
Retail outlet in Oxford High Street	1,055
Retail outlet in central Yeovil	935
Retail outlet in Beckenham High Street	762
Retail outlet in Oxford High Street	750
Block of flats in west London	735
Banking outlet in central Petersfield	700
Office building in central Oxford	690

The value of the above ten properties represents 66% of the value of the property investment portfolio of the Group at 31 December 1999.

Seven Year Summary

	1993	1994	1995	1996	1997 Restated	1998	1999
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Freehold and leasehold properties – at annual revaluation	11,033	12,620	12,310	12,367	16,400	15,291	19,637
Securities – listed on stock exchanges – at market value	6,318	5,694	6,781	7,632	9,193	9,822	11,333
Total net assets	17,020	18,096	19,172	20,538	24,502	27,511	30,601
Net asset value per share in issue at end of each year	314p	333p	353p	378p	451p	507p	592p
Revenue (excluding gains/losses on disposals of assets)	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income from property	1,214	1,215	1,179	1,190	1,226	1,378	1,246
Income from other investments	235	259	311	351	373	382	387
Operating profit	1,139	1,092	1,211	1,249	1,327	1,379	1,364
Profit available for distribution	748	756	850	883	958	985	1,024
Share capital Average number in issue	5,427	5,427	5,427	5,427	5,427	5,427	5,216
Basic earnings per ordinary share (excluding gains/losses on disposals of assets)	13.8p	13.9p	15.7p	16.2p	17.7p	18.1p	19.6p
Dividends paid per ordinary share	5.20p	5.50p	5.85p	6.15p	6.60p	7.10p	7.80p
All Share Index	1682	1521	1803	2014	2411	2674	3242
FTSE 100 Share index	3418	3065	3689	4118	5135	5883	6930

The Company's share price is quoted in the Financial Times and included in the "Real Estate" category. Shareholders should note that the current quotation of the Company's shares can also be obtained directly from the Stock Exchange by telephoning FT Cityline – 0906 003 2888 or 0906 843 2888.

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To be valid this proxy must be deposited at the Registered Office of the Company at Thomas House, Langford Locks, Kidlington, Oxon. OX5 1HR not less than 48 hours before the time fixed for the meeting.

PROXY FORM

Highcroft Investment Trust P.L.C.

I/We ____
(PLEASE COMPLETE IN BLOCK CAPITALS)

of ____

being a member/members of Highcroft Investment Trust P.L.C. hereby appoint ________________ or failing him Robert Craig of Thomas House, Langford Locks, Kidlington, Oxon, or failing him David Bowman of Thomas House, Langford Locks, Kidlington, Oxon*, or failing him the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be held on 7 June 2000 and at any adjournment thereof.

I/We desire to vote:

RESOLUTIONS	**FOR	**AGAINST
ORDINARY RESOLUTIONS 1. To receive and consider the report and financial statements		
2. To approve a final ordinary dividend		
3. To confirm the appointment of Mr J Hewitt as a director of the Company		
4. To re-elect Mr R Craig as a director of the Company		
5. To re-elect Mr J C Kingerlee as a director of the Company		
6. To reappoint Grant Thornton as auditors of the Company		
7. To authorise the directors to fix the remuneration of the auditors		

Signed this ______________________ day of ______________ 2000

______________________ ______________

______________________ ______________

* *If it is desired to appoint another person as proxy, these names should be deleted and the name of the proxy inserted.* A member may appoint a proxy of his or her choice, and such proxy need not be a member of the Company.

** Please indicate, by inserting X in the appropriate box, the manner in which the proxy is to vote. Unless otherwise instructed, the proxy will vote or abstain as he or she thinks fit.

Note

In the case of a corporation the proxy must be appointed under its common seal or under the hand of an official or attorney duly authorised in writing. In the latter case, the authority should accompany the proxy form. In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person, or by proxy, will be accepted to the exclusion of the votes of other joint holders. For this purpose, seniority shall be determined by the order in which the names appear on the register of members.