Caledonian Trust PLC

Directors' report and financial statements

30 June 1997

Registered number: 1040126

Caledonian Trust PLC

Directors' report and financial statements

Contents

Caledonian Trust PLC

Directors, officers and professional advisers

Board of Directors	ID Lowe (Chairman and Chief Executive) MJ Baynham LLB (Hons) JN Little BJ Rankin CA
Secretary	MJ Baynham LLB (Hons)
Head Office	61 North Castle Street Edinburgh EH2 3LJ
Registered Office	Cross House Westgate Road Newcastle upon Tyne NE99 1SB
Auditors	KPMG Audit Plc Saltire Court 20 Castle Terrace Edinburgh EH1 2EG
Nominated Advisers	Neill Clerk Capital Limited 6 Park Circus Place Glasgow G3 6AN
Nominated Brokers	Raphael Zorn Hemsley Limited Cheapside House 138 Cheapside London EC2V 6BJ
Bankers	Bank of Scotland Head Office PO Box 5 The Mound Edinburgh EH1 1YZ
Registrars	Bank of Scotland Registrars Department Apex House 9 Haddington Place Edinburgh EH7 4AL
Registered number	1040126

Caledonian Trust PLC

Directors' report

The directors present their report together with the audited financial statements of the Company and of the Group for the year ended 30 June 1997.

Review of year

The results for the year show a significant increase over the previous year of nearly £400.000. The acquisition of CCL Developments PLC on 2 September 1996 has contributed to our profits this year. Elsewhere the company benefited from a lower average interest rate and a significant reduction in administrative expenses. The reduction in value of our portfolio at 30 June 1997 was primarily due to lower values being attributed to properties with short leases. During the year a small industrial property acquired with CCL Developments was sold and a vacant property in Edinburgh was refurbished as two residential flats with one being sold at the year end.

Principal activities

The Group is principally engaged in property investment holding and development. Additions to and disposals of properties are shown in note 7 to the financial statements.

Results and dividends

The Group profit for the year after minority interests amounted to £994,094 after crediting our share of a taxation recovery of £46,088. The Group's activities comprise one geographical segment and two classes of business. The directors do not recommend the payment of a dividend and propose that the profit be transferred to reserves.

Fixed assets

The movements in tangible fixed assets during the year and details of the differences between book and market values of land and buildings are set out in notes 7 and 8 to the financial statements.

Share capital

During the year 345,748 ordinary shares of 20p were allotted for the purposes explained in note 14 to the financial statements.

On 1 December 1997 the following were registered as being interested in 3% or more of the Company's ordinary share capital:

	No of Shares	Percentage Held
Ivory & Sime Enterprise Capital PLC	3,159,866	25.7
Abtrust Scotland Investment Company PLC	400,000	3.3
Cigna International Investment Advisers Limited	400,000	3.3

I D Lowe and M J Baynham have interests amounting to more than 3% of the Company's ordinary share capital, details of which are disclosed below.

Directors

The directors who held office during the year and their interests in the Company's share capital are set out below:

Caledonian Trust PLC

Directors' report *(continued)*

Directors

Beneficial interests - Ordinary Shares of 20p each

	Percentage Held	30 June 1997	30 June 1996
ID Lowe	41.2	5,069,129	4,994,129
MJ Baynham	4.2	519,133	454,133
BJ Rankin	0.6	70,000	70,000
JN Little	0.1	16,250	-

Options have been granted to directors to subscribe for ordinary shares under the terms of The Executive Share Option Scheme as follows:

Option holder	No of shares at 30 June 1996	Options exercised during year	Options granted during year	No of shares at 30 June 1997	Subscription price
ID Lowe	-	-	60,000	60,000	60.0p
ID Lowe	200,000	-	-	200,000	67.5p
MJ Baynham	50,000	50,000	-	-	55.0p
MJ Baynham	-	-	60,000	60,000	60.0p
MJ Baynham	150,000	-	-	150,000	67.5p

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

MJ Baynham
Secretary
18 December 1997

Cross House
Westgate Road
Newcastle upon Tyne
NE99 1SB

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 business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

KPMG

KPMG Audit Plc
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

Auditors' report to the members of Caledonian Trust PLC

We have audited the financial statements on pages 5 to 20.

Respective responsibilities of directors and auditors

As described on page 3, the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30 June 1997 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

18 December 1997

Caledonian Trust PLC

Consolidated profit and loss account
for the year ended 30 June 1997

	Note	1997 £	1996 £
Income - continuing operations			
Rents and service charges - ongoing		**3,223,459**	3,269,898
Rents and service charges - acquisition		**178,504**	-
Property sales - acquisition		**90,605**	-
		3,492,568	3,269,898
Operating costs - continuing operations			
Property rental outgoings - ongoing		**(63,110)**	(63,974)
Property rental outgoings - acquisition		**(9,079)**	-
Cost of properties sold - acquisition		**(84,647)**	-
Administrative expenses - ongoing	2	**(616,053)**	(759,484)
Administrative expenses - acquisition		**(5,763)**	-
		(778,652)	(823,458)
Operating profit - continuing operations			
Ongoing		**2,544,296**	2,446,440
Acquisition		**169,620**	-
		2,713,916	2,446,440
Gain on disposal of fixed assets		**2,088**	-
Interest receivable		**56,143**	85,761
Interest payable	3	**(1,824,140)**	(1,979,706)
Profit on ordinary activities before taxation		**948,007**	552,495
Taxation	6	**76,812**	-
Profit on ordinary activities after taxation		**1,024,819**	552,495
Minority interests		**(30,725)**	50,145
Profit for the financial year	15	**994,094**	602,640
Earnings per ordinary share	18	**8.1p**	5.1p

Profit for the financial year is retained as follows:

	1997 £	1996 £
In holding company	**568,414**	20,461
In subsidiaries	**425,680**	582,179
	994,094	602,640

Caledonian Trust PLC

Statement of total recognised gains and losses
for the year ended 30 June 1997

	1997 £	1996 £
Profit for the financial year	**994,094**	602,640
Unrealised deficit on revaluation of properties	**(2,818,176)**	(450,000)
Total gains and losses recognised since the last annual report	**(1,824,082)**	152,640

Note of historical cost profits and losses
for the year ended 30 June 1997

	1997 £	1996 £
Reported profit on ordinary activities before taxation	**948,007**	552,495
Historical cost profit on ordinary activities before taxation	**948,007**	552,495
Historical cost profit for the year retained after taxation and minority interests	**994,094**	602,640

Caledonian Trust PLC

Consolidated balance sheet
at 30 June 1997

	Note	£	1997 £	£	1996 £
Fixed assets					
Tangible assets:					
Investment properties	*7*		**30,002,433**		32,781,433
Equipment and vehicles	*8*		**5,449**		7,740
			30,007,882		32,789,173
Investments	*9*		**20**		11,894
			30,007,902		32,801,067
Current assets					
Stock and work in progress		**1,650,000**		-	
Debtors	*10*	**322,634**		223,598	
Cash at bank and in hand	*11*	**1,923,809**		1,014,215	
		3,896,443		1,237,813	
Creditors: amounts falling due within one year	*12*	**(5,713,291)**		(5,335,974)	
Net current liabilities			**(1,816,848)**		(4,098,161)
Total assets less current liabilities			**28,191,054**		28,702,906
Creditors: amounts falling due after more than one year	*12*		**(18,045,740)**		(18,320,719)
Minority interests - equity			**-**		1,042,376
Net assets			**10,145,314**		11,424,563
Capital and reserves					
Called up share capital	*14*		**2,457,899**		2,388,749
Share premium account	*15*		**2,530,753**		2,374,252
Capital reserve			**319,182**		-
Revaluation reserve	*15*		**4,561,255**		7,379,431
Profit and loss account	*15*		**276,225**		(717,869)
Shareholders' funds - equity			**10,145,314**		11,424,563

These financial statements were approved by the Board of Directors on 18 December 1997 and were signed on its behalf by:

ID Lowe

ID Lowe
Director

Caledonian Trust PLC

Company balance sheet
at 30 June 1997

	Note	1997 £	1997 £	1996 £	1996 £
Fixed assets					
Tangible assets:					
Investment properties	*7*		**5,355,000**		5,485,000
Equipment and vehicles	*8*		**3,370**		6,740
			5,358,370		5,491,740
Investments	*9*		**10,516,527**		11,583,159
			15,874,897		17,074,899
Current assets					
Debtors	*10*	**8,050,941**		6,840,159	
Cash at bank and in hand	*11*	**1,186,180**		772,062	
		9,237,121		7,612,221	
Creditors: amounts falling due within one year	*12*	**(9,698,898)**		(6,658,492)	
Net current (liabilities)/assets			**(461,777)**		953,729
Total assets less current liabilities			**15,413,120**		18,028,628
Creditors: amounts falling due after more than one year	*12*		**(5,564,691)**		(6,612,227)
Net assets			**9,848,429**		11,416,401
Capital and reserves					
Called up share capital	*14*		**2,457,899**		2,388,749
Share premium account	*15*		**2,530,753**		2,374,252
Revaluation reserves					
Property	*15*		**333,144**		323,949
Investments	*15*		**614,348**		3,088,803
Profit and loss account	*15*		**3,912,285**		3,240,648
Shareholders' funds - equity			**9,848,429**		11,416,401

These financial statements were approved by the Board of Directors on 18 December 1997 and were signed on its behalf by:

ID Lowe

ID Lowe
Director

Caledonian Trust PLC

Consolidated cash flow statement
for the year ended 30 June 1997

	note	1997 £	1996 £
Net cash inflow from operating activities	(a)	**3,523,354**	2,159,827
Returns on investments and servicing of finance	(b)	**(1,691,579)**	(2,089,950)
Corporation tax		**76,812**	-
Capital expenditure and financial investment	(b)	**(38,726)**	(117,039)
Acquisitions	(b)	**(197,070)**	-
Cash inflow before management of liquid resources and financing		**1,672,791**	(47,162)
Financing	(b)	**(722,058)**	815,111
Increase in cash in period		**950,733**	767,949

Reconciliation of net cash flow to movement in net debt (c)

	1997 £	1997 £	1996 £	1996 £
Increase in cash in the period	**950,733**		767,949	
Cash outflow from decrease in debt	**749,558**		291,111	
Change in net debt resulting from cash flows		**1,700,291**		1,059,060
Loans acquired with subsidiary		**(756,250)**		-
Movement in net debt in the period		**944,041**		477,838
Net debt at the start of the period		**(21,658,558)**		(22,717,618)
Net debt at the end of the period		**(20,714,517)**		(21,658,558)

Notes to the cash flow statement

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

	1997 £	1996 £
Operating profit	**2,713,916**	2,446,440
Depreciation charges	**3,909**	12,318
Decrease in stocks	**84,647**	-
(Increase) in debtors	**(98,132)**	(95,124)
Increase/(decrease) in creditors	**819,014**	(203,807)
Net cash inflow from operating activities	**3,523,354**	2,159,827

Caledonian Trust PLC

Notes to the cash flow statement (ctd)

(b) **Analysis of cash flows**

	1997	1997	1996	1996
	£	£	£	£
Returns on investment and servicing of finance				
Interest received	**53,143**		85,761	
Interest paid	**(1,747,722)**		(2,175,711)	
		(1,691,579)		(2,089,950)
Capital expenditure and financial investment				
Purchase of tangible fixed assets	**(1,618)**		(10,110)	
Purchase of investment property	**(141,676)**		(106,929)	
Purchase of trade investment	**(20)**		-	
Sale of investment property	**104,588**		-	
		(38,726)		(117,039)
Acquisitions and disposals				
Purchase of subsidiary undertaking	**(149,684)**		-	
Overdraft acquired with subsidiary	**(47,386)**		-	
		(197,070)		-
Financing				
Issue of ordinary share capital	**27,500**		524,000	
Debt due within a year				
Decrease in short-term borrowings	**(722,058)**		(5,024,840)	
Debt due beyond a year				
New secured loan repayable in 2000	**-**		7,200,000	
Decrease in long-term borrowings	**(27,500)**		(1,884,049)	
		(722,058)		815,111

(c) **Analysis of net debt**

	At beginning of year	Cash flow	Acquisition (excluding cash and overdrafts)	Other non-cash changes	At end of year
	£	£	£	£	£
Cash at bank and in hand	1,014,215	909,594	-	-	1,923,809
Overdrafts	(1,927,137)	41,139	-	-	(1,885,998)
		950,733			
Debt due after one year	(18,320,719)	27,500	-	247,479	(18,045,740)
Debt due within one year	(2,424,917)	722,058	(756,250)	(247,479)	(2,706,588)
		749,558			
Total	**(21,658,558)**	**1,700,291**	**(756,250)**	**-**	**(20,714,517)**

(d) **Subsidiary acquisition** - details of the purchase of a subsidiary are given in note 20

Notes

(forming part of the financial statements)

1 **Accounting policies**
The following are the main accounting policies of the Group:

(a) **Basis of preparation**
The financial statements are prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets and in accordance with applicable accounting standards. The Company has not presented its own profit and loss account in accordance with section 230 of the Companies Act 1985.

(b) **Basis of consolidation**
The consolidated financial statements combine the results of the Company and its subsidiary undertakings for the year ended 30 June 1997, and reflect events occurring up until the date of approval of the financial statements.

(c) **Income**
Rental income represents rent and service charges receivable without taking into account any expenditure borne direct by tenants.

(d) **Properties**
Properties held by the Group are classified within fixed assets as either investment properties or properties held for development.

Investment properties
Investment properties are stated at their open market valuation at the balance sheet date, valued either by the directors or by independent professional advisers. Independent professional valuations are prepared at least once every three years.

Surpluses or deficits arising on revaluations are taken to the revaluation reserve except in the case of deficits which are considered to be permanent which are taken to the profit and loss account. The revaluation reserve is not distributable.

On disposal of an investment property the profit and loss account includes the effect of comparing sales proceeds and the book amount of the asset sold. Any previous revaluation surplus or deficit realised on disposal is transferred from revaluation reserve to accumulated profit and loss reserves.

Properties held for development
Properties held for development are shown at open market valuation at the balance sheet date as described above. When development commences, costs of such development (including interest thereon) are aggregated in the book amount provided that the anticipated overall book amount following completion would not exceed the anticipated valuation of the property at that date.

(e) **Investments**
Investments in subsidiary undertakings are included in the balance sheet of the Company at net asset value of the undertaking concerned.

(f) **Depreciation**
In accordance with SSAP 19 no depreciation or amortisation is provided in respect of freehold investment properties or leaseholds with over twenty years to run, including equipment therein. This treatment, as regards certain of the Group's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Caledonian Trust PLC

Notes *(continued)*

1 **Accounting policies** *(continued)*

Other tangible fixed assets are depreciated by equal instalments over their estimated useful lives at the following rates:

Office equipment	15 per cent
Motor vehicles	$33^1/_3$ per cent

(g) **Stocks**
Stocks are held at the lower of cost or net realisable value.

(h) **Taxation**
No provision is made for taxation which would become payable if properties held as investment properties and the Company's investments in subsidiary undertakings were disposed of at book value as there is no intention to dispose of them.

The effect of other timing differences is provided for only where, in the opinion of the directors, it is probable that a liability will arise in the foreseeable future.

2 **Administrative expenses**

	1997	1996
	£	£
Directors' emoluments (see note 4)	**203,599**	212,839
Management expenses	**352,399**	484,027
Auditors' remuneration		
- audit - company	**9,050**	10,000
- audit - subsidiaries	**8,164**	5,500
- non audit	**44,695**	34,800
Depreciation	**3,909**	12,318
	621,816	759,484

3 **Interest payable**

	1997	1996
	£	£
Bank loans and overdrafts	**1,471,185**	1,585,188
Loan stock repayable within five years	**352,955**	394,518
	1,824,140	1,979,706

4 **Remuneration of directors**

	1997	1996
	£	£
Directors' emoluments	**174,199**	173,872
Gain made on exercise of share options	**4,500**	189,000
Company contributions to money purchase pension schemes	**29,400**	38,967

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £98,892 (1996-£99,122), and company pension contributions of £18,400 (1996-£29,967) were made to a money purchase scheme on his behalf.

Notes *(continued)*

4 Remuneration of directors (ctd)

	Number of directors **1997**	1996
Retirement benefits are accruing to the following number of directors under :		
Money purchase schemes	**2**	2
The number of directors who exercised share options was	**1**	1
The number of directors in respect of whose services shares were received or receivable under long term incentive schemes was	**2**	1

5 Employees

The average number of persons, including directors, employed by the Group during the year was:

	1997 Number	1996 Number
Management	**4**	4
Administration	**2**	2
	6	6

The aggregate payroll costs of these persons were as follows:

	1997 £	1996 £
Wages and salaries	**187,955**	173,552
Social security costs	**19,093**	18,218
Other pension costs	**40,208**	38,967
	247,256	230,737

6 Taxation

There is no charge for corporation tax for the year ended 30 June 1997 by reason of losses available for relief. The taxation credit represents a consortium relief payment from a minority interest in a subsidiary. *(1996 £nil)*

7 Investment properties

	Freehold	
	Group	**Company**
Investment properties:	**£**	**£**
Valuation at 1 July 1996	31,135,000	5,485,000
Transferred to subsidiaries development properties in year	(203,500)	(203,500)
Additions in year	141,676	64,305
Revaluation (deficit)/ surplus arising in year	(2,718,176)	9,195
Valuation at 30 June 1997	**28,355,000**	**5,355,000**
Properties held for development:		
Valuation at 1 July 1996	1,646,433	-
Transferred from investment properties in year	203,500	-
Sold in year	(102,500)	-
Revaluation (deficit) arising in year	(100,000)	-
Valuation at 30 June 1997	**1,647,433**	-
Net book amount at 30 June 1997	**30,002,433**	**5,355,000**
Net book amount at 1 July 1996	32,781,433	5,485,000

Investment properties and properties held for development have been stated at directors' valuation at the balance sheet date based on independent valuations at open market value made by Montagu Evans at 30 June 1997.

The historical cost of properties included at valuation is as follows:

	Group		**Company**	
	1997	1996	**1997**	1996
	£	£	**£**	£
Investment properties	**25,660,769**	25,621,593	**5,021,856**	5,161,051

The cumulative amount of interest capitalised in amounts for the Group's investment properties is £1,077,246 *(1996: £1,077,246)*. The cumulative amount of such interest capitalised for the Company is £550,842 *(1996: £550,842)*.

8 **Equipment and vehicles**

	Motor vehicles £	Office equipment £	Total £
Group			
Cost at 1 July 1996	37,605	191,216	228,821
Additions in year	-	1,618	1,618
Cost at 30 June 1997	37,605	192,834	230,439
Depreciation at 1 July 1996	30,865	190,216	221,081
Charged in year	3,370	539	3,909
Depreciation at 30 June 1997	34,235	190,755	224,990
Net book amount at 30 June 1997	**3,370**	**2,079**	**5,449**
Net book amount at 1 July 1996	6,740	1,000	7,740
Company			
Cost at 1 July 1996 and 30 June 1997	37,605	42,496	80,101
Depreciation at 1 July 1996	30,865	42,496	73,361
Charged in year	3,370	-	3,370
Depreciation at 30 June 1997	34,235	42,496	76,731
Net book amount at 30 June 1997	**3,370**	**-**	**3,370**
Net book amount at 1 July 1996	6,740	-	6,740

Notes *(continued)*

9 **Investments**

Group	**Shares in subsidiary undertakings** £	**Loans to subsidiary undertakings** £	**Other unlisted investments** £	**Total** £
Cost				
At 1 July 1996	-	-	11,894	**11,894**
Transferred to shares in subsidiaries	-	-	(11,894)	**(11,894)**
Purchased in year	-	-	20	**20**
At 30 June 1997	-	-	20	**20**
Company				
Cost at 1 July 1996	4,573,249	2,756,041	11,894	**7,341,184**
Addition in year	347,835	301,135	-	**648,970**
Transferred in year	11,894	-	(11,894)	-
At 30 June 1997	4,932,978	3,057,176	-	**7,990,154**
Revaluation surplus at 1 July 1996	6,106,713	(1,856,566)	(8,172)	**4,241,975**
Surplus/(deficit) arising during year	(1,616,931)	(98,671)	-	**(1,715,602)**
Transferred in year	(8,172)	-	8,172	-
At 30 June 1997	4,481,610	(1,955,237)	-	**2,526,373**
Net book amount at 30 June 1997	**9,414,588**	**1,101,939**	**-**	**10,516,527**
Net book amount at 1 July 1996	10,679,962	899,475	3,722	11,583,159

The company's investment in unlisted investments is as follows:

Undertaking	**% held**	**Activity**
Bedrocks Limited	19.9%	Leisure activity operator

The company is registered in Scotland.

The Company's investments in the ordinary share capital of its principal subsidiary undertakings are included at net asset value of the undertakings which are as follows:

Subsidiary undertaking	**% held**	**Activity**
North Castle Properties Ltd	100%	Property Investment
Caledonian Scottish Developments Ltd	100%	Property Development
South Castle Properties Ltd	100%	Property Investment
North Bridge Properties Ltd	100%	Property Investment
Caledonian Stoneywood Ltd	100%	Investment Holding Company
Caledonian City Developments Ltd	100%	Property Development
West Castle.Properties Ltd	100%	Property Investment
Melville Management Ltd	100%	Property Management
CCL Developments PLC	100%	Property Dealing
Gemvolk Ltd	100%	Investment Company

All the principal subsidiary undertakings are registered in Scotland except Caledonian City Developments Limited, CCL Developments PLC , Caledonian Stoneywood Limited and Gemvolk Ltd which are registered in England and Wales.

10 **Debtors**

Amounts falling due within one year	Group 1997 £	1996 £	Company 1997 £	1996 £
Amounts owed by subsidiary undertakings	**-**	-	**8,036,694**	6,835,190
Other debtors	**301,453**	192,114	**-**	-
Prepayments and accrued income	**21,181**	31,484	**14,247**	4,969
	322,634	223,598	**8,050,941**	6,840,159

11 **Cash at bank and in hand**

Group bank balances totalling £738,629 (*1996: £256,773)* were held by the Group's bankers as collateral against loans provided to subsidiary undertakings.

12 **Creditors: amounts falling due within one year**

	Group 1997 £	1996 £	Company 1997 £	1996 £
Bank loans and overdrafts	**3,695,402**	3,452,960	**647,532**	739,659
Floating rate unsecured loan stock 1995/97	**897,182**	-	**897,182**	-
Amounts owed to subsidiary undertakings	**-**	-	**7,502,761**	5,218,056
Minority shareholder loans	**-**	899,094	**-**	-
Provision for loss in subsidiary undertaking	**-**	-	**161,102**	210,742
Other creditors and accruals	**1,120,707**	983,920	**490,321**	490,035
	5,713,291	5,335,974	**9,698,898**	6,658,492

Bank loans and overdrafts are secured on certain of the Group's properties.

Interest on the floating rate unsecured loan stock 1995/97 is payable at 4% over bank base rate and the loan stock itself is due for repayment on 2 July 1997. Subsequent to the year end £307,182 was repaid and the balance is now repayable on 2 July 1999.

12 (ctd) **Creditors: amounts falling due after more than one year**

	Group		Company	
	1997	1996	**1997**	1996
	£	£	**£**	£
Bank loan	**15,425,695**	14,775,992	**2,944,646**	3,067,500
10% convertible unsecured loan stock 1994/99	**2,620,045**	2,620,045	**2,620,045**	2,620,045
Floating rate unsecured loan stock 1995/97	**-**	924,682	**-**	924,682
	18,045,740	18,320,719	**5,564,691**	6,612,227

Bank loans of £17,235,099 are repayable in instalments. Of this £1,809,404 is due within one year and is included in current liabilities. Instalments of £873,135 are repayable after more than 5 years. The loans are secured by standard securities and floating charges over the assets of certain subsidiaries and by an unlimited guarantee from Caledonian Trust. Interest charged on these loans is based on margins ranging from 1 2/5% to 3% over the prevailing London Interbank Offer Rate.

Interest on the floating rate unsecured loan stock 1995/97 is payable at 4% over bank base rate and the loan stock itself is due for repayment on 2 July 1997. Subsequent to the year end £307,182 was repaid and the balance is now repayable on 2 July 1999.

The 10% convertible unsecured loan stock 1994/99 is repayable on 30 June 1999 and carries a coupon of 10%. It is convertible at the option of the holders into 20p shares up to the end of 1998 at the rate of 1 ordinary 20p share for each 68.5p nominal of loan stock.

13 **Deferred taxation**

There is no unprovided potential Group deferred taxation liability at 33% *(1996: 33%)* in respect of unrealised chargeable gains at 30 June 1997 *(1996: £Nil)*, Company £Nil *(1996: £Nil)*.

14 **Share capital**

	1997		1996	
	No	**£**	No	£
Authorised:				
Ordinary shares of 20p each	**20,000,000**	**4,000,000**	20,000,000	4,000,000
Allotted, called up and fully paid				
Ordinary shares of 20p each	**12,289,493**	**2,457,899**	11,943,745	2,388,749

During the year the following ordinary shares of 20p were allotted:

Number of shares	**Premium**	**Reason for issue**
50,000	35.0p	Option exercised
295,748	47.0p	Acquisition of CCL Developments PLC

Notes *(continued)*

15 **Reserves**

	Share premium account £	Capital reserve £	Revaluation reserve £	Profit and loss account £	Total £
Group					
Balance at 1 July 1996	2,374,252	-	7,379,431	(717,869)	9,035,814
Net revaluation in year	-	-	(2,818,176)	-	(2,818,176)
Capital reserve arising from acquisition in year	-	319,182	-	-	319,182
Profit for the financial year	-	-	-	994,094	994,094
Share premium in year	156,501	-	-	-	156,501
Balance at 30 June 1997	**2,530,753**	**319,182**	**4,561,255**	**276,225**	**7,687,415**

	Share premium account £	Revaluation reserves Property £	Revaluation reserves Investments £	Profit and loss account £	Total £
Company					
Balance at 1 July 1996	2,374,252	323,949	3,088,803	3,240,648	9,027,652
Revaluation (deficit) of interests in subsidiary undertakings in year	-	-	(2,474,455)	-	(2,474,455)
Property revaluation surplus arising in year	-	9,195	-	-	9,195
Profit for the financial year	-	-	-	568,414	568,414
Share premium in year	156,501	-	-	-	156,501
Intragroup dividend	-	-	-	103,223	103,223
Balance at 30 June 1997	**2,530,753**	**333,144**	**614,348**	**3,912,285**	**7,390,530**

Of the balance on Profit and Loss Account £4,840,010 is not distributable.

16 **Reconciliation of movements in shareholders' funds**

	1997 £	1996 £
Profit for the financial year	**994,094**	602,640
Revaluation surplus	**(2,818,176)**	(450,000)
New share capital issued	**225,651**	524,000
Capital reserve from acquisition	**319,182**	-
Net addition to shareholders' funds	**(1,279,249)**	676,640
Opening shareholders' funds	**11,424,563**	10,747,923
Closing shareholders' funds	**10,145,314**	11,424,563

Caledonian Trust PLC

Notes *(continued)*

17 **Transactions with directors**

BJ Rankin received £5,000 in respect of consultancy fees in the year in addition to his emoluments as a director.

18 **Earnings per ordinary share**

The calculation of the earnings per ordinary share is based on a profit of £994,094 *(1996: £602,640)* and on the weighted average number of ordinary shares in issue in the year of 12,231,868. *(1996: 11,762,240).*

19 **Analysis of acquisition of CCL Developments PLC**

Net assets at date of acquisition

	Book value £	Adjustments £	Fair value to the group £
Fixed assets - investments	1	-	1
Stocks	1,277,983	456,664	1,734,647
Debtors	904	-	904
Total assets	1,278,888	456,664	1,735,552
Overdraft	(47,386)	-	(47,386)
Creditors & provisions	(253,005)	-	(253,005)
Bank & finance loans	(756,250)	-	(756,250)
Total liabilities	1,056,641	-	1,056,641
Net assets	222,247	456,664	678,911
Capital reserve arising on acquisition			(319,182)
			359,729
Discharged by			
Shares issued			198,151
Cash			149,684
Existing investment			11,894
			359,729

Stocks have been adjusted by reference to an independent valuation at the date of acquisition.