Helical Bar
Public Limited Company

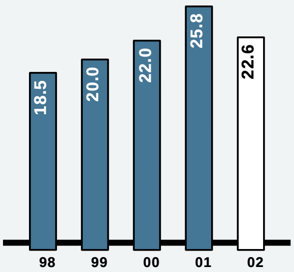
Report and Accounts 2002

Helical Bar plc is a property development and investment company. Our objective is to maximise growth in assets per share using a recurring stream of development and trading profits to build up the investment portfolio.

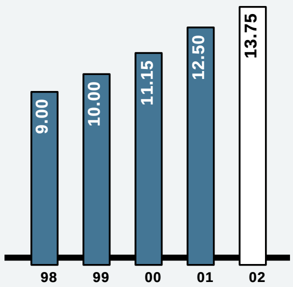
The Meadows, Camberley

Financial Highlights

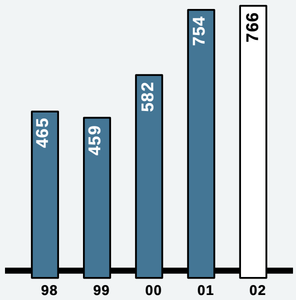
Pre-tax profit
£m



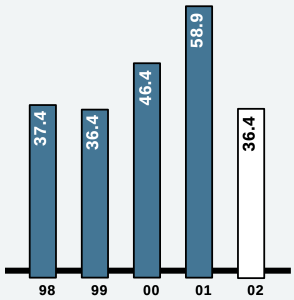
Ordinary dividend
per share
Pence



Diluted net asset value
per share
Pence



Increase in shareholders' funds pre-dividend
£m



Special dividends of 100.0p were declared in respect of the periods ended 31 March 1999 and 31 March 2002.

Diluted net asset value per share and shareholders' funds pre-dividend have been adjusted for the impact of the adoption of FRS19 on Deferred Tax.

Contents

Investment Property Databank

Helical has maintained its excellent record in comparison to funds within the Investment Property Databank ("IPD") with an ungeared total return of 15.6% in the year to 31 March 2002. This compares to the IPD benchmark performance of 7.0%. Helical has compared its ungeared property performance against that of portfolios within the Investment Property Databank for the last twelve years. During this period Helical has consistently outperformed its peers as shown by the tables below. The returns on shareholder capital earned by Helical are higher than those measured by IPD due to the use of gearing.

IPD (monthly and quarterly valued funds) ungeared returns

Total returns %					
In year to 31st	**3.02**	**3.01**	**3.00**	**3.99**	**3.98**
Helical	15.6	23.2	23.6	20.1	28.3
IPD benchmark	7.0	9.9	15.1	10.9	16.6
Percentile rank	1	0	2	1	2

Total returns %				
Annualised over	**3yrs**	**5yrs**	**10yrs**	**12yrs**
Helical	20.8	22.1	19.0	18.2
IPD benchmark	10.6	11.8	10.3	7.4
Percentile rank	0	0	0	0

'0' means the top ranked fund

Helical Bar plc – five year summary

	31.3.02 £000	31.03.01 £000	31.03.00 £000	31.03.99 £000	31.03.98 £000
Rental income	31,384	28,642	26,656	21,482	22,009
Development profits	17,072	29,507	19,345	21,601	16,686
FRS3 profits	20,305	25,115	17,465	19,629	17,656
Profit on sale of investment properties	2,463	709	4,555	415	838
Pre-tax profits	22,573	25,824	22,020	20,044	18,494
Investment portfolio	439,911	453,607	419,570	332,457	250,718
Shareholders' funds*	237,252	233,152	176,636	137,011	134,223
Dividend per ordinary share	13.75p	12.50p	11.15p	10.00p	9.00p
Special dividend per ordinary share	100.00p	–	–	100.00p	–
Diluted earnings per share*	57.8p	67.7p	68.9p	51.5p	40.3p
Diluted net asset value per share*	766p	754p	582p	459p	465p
Net asset value per share diluted for FR13 adjustment and unprovided deferred tax*	661p	654p	516p	392p	392p

*Adjusted for the impact of the adoption of FRS19 on Deferred Tax.

Total shareholder return

Total shareholder return measures the return to shareholders from share price movements and dividend income.

	3 Years from 1999 Total returns pa %	5 Years from 1997 Total returns pa %	10 Years from 1992 Total returns pa %	15 Years from 1987 Total returns pa %	20 Years from 1982 Total returns pa %
Helical Bar plc	25.3	24.3	32.6	17.7	37.1
UK Equity Market	(1.7)	6.7	11.9	11.0	15.4
Listed Real Estate Sector Index	7.1	6.1	13.4	7.6	11.3
Direct property	9.2	10.4	9.9	8.4	10.1

Source: HSBC Research Note 5 April 2002

The year to 31 March 2002 was another year of outperformance for Helical culminating in the Company winning the Company of the Year Award at the annual PLC Awards and the declaration of a 100 pence per share special dividend, the second in four years.

The Company of the Year Award is sponsored by Pricewaterhouse Coopers and held in association with the London Stock Exchange and the Financial Times. It is presented each year to a business that has demonstrated its success over the short, medium and long term and has a professional management team, a clear and consistent strategy and sound finances.

Helical Bar plc is widely acknowledged by the investment community as a core holding amongst small to mid cap property stocks. The Company has consistently outperformed its peers, sector benchmarks and indices and is ranked 1st against all other funds in the IPD Universe (the main industry sector benchmark) over the past three, five, ten and twelve years.

The year to 31 March 2002 was yet another good one for Helical, although profits and revaluation surpluses did not match the quite exceptional levels achieved last year. The good level of profits enables the Board to recommend to shareholders a final dividend of 8.25p per share (2001: 7.50p) an increase of 10%. This proposed dividend, together with the interim dividend of 5.50p (2001: 5.00p) paid in December 2001, makes a total of 13.75p per share (2001: 12.50p). This is an increase of 10% on last year not taking into account the special dividend of 100p per share paid in April 2002. The total of 13.75p per share (excluding the special dividend) is covered over four times by profits after tax.

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1. 40 Berkeley Square, London W1
2. 3 Bunhill Row, London EC1

Net asset value

Before accruing for the 100p special dividend the net asset value per share of the Company rose by 14% (2001: restated 31%) to 888p, on an undiluted basis, and by 13% (2001: restated 30%) to 854p on a diluted basis. After accruing for the special dividend, paid in April 2002, the net asset value per share of the Company rose by 2% on both an undiluted and diluted basis to 793p (2001: restated 779p) and 766p (2001: restated 754p) respectively. These figures take no credit for any surplus of value in the trading and development stock. However, the net asset value per share figures do reflect the impact of the adoption of FRS19 on Deferred Tax. The effect of adopting FRS19 has been to recognise in the Group's balance sheet the deferred tax liability relating to capital allowances, the deferred tax asset relating to tax losses and the consequent recognition of negative goodwill arising from the acquisition of a subsidiary company.
During the year the Company's share price rose from 742.5p to a closing 790p (which reflects the ex-dividend adjustment after the 100p special dividend was declared). This share price performance, taken together with the dividends paid in the year by the Company, gave a total shareholder return of 8% in the year to 31 March 2002. This increases to 22% if the special dividend declared in March 2002 and paid in April 2002 is taken into account.

The future

In June 2000 we noted that we operated in an increasingly volatile world where a stop in the strong growth in the United States economy could impact unfavourably in the UK and particularly in London and the South East. In anticipation of this the Company de-risked its development programme and, where appropriate, sold investment properties reducing gearing in the process. The comments proved all too prescient and the downturn in the US and UK economies, which were exacerbated by events last Autumn, have had an impact on the UK property market. Recent reductions in rental levels in Central London and a shortage of potential tenants in the Thames Valley are testimony to that impact.

All the Company's schemes under construction are forward funded by institutions. A number of new sites in Central London and the South East under the Company's control, are proceeding through the planning process before development. In this period of slower tenant demand it is unlikely that the Company will generate the substantial level of profits seen in recent years until these future developments come on stream.

On the investment side we are seeing a growing surplus of rental income over finance costs as void space is let up and reversions fall in at rent review. At the same time the reduction in gearing has reduced the finance costs of holding investment properties. Since the year end we have been in discussions with potential purchasers of over £100m of Central London properties. Should these sales proceed our gearing level and our exposure to Central London will reduce accordingly. By de-gearing and, effectively, stepping aside during this cyclical period of uncertainty, the Company is in a strong position to take advantage of opportunities as they arise.

Whilst the short term outlook is clouded by weaker tenant demand the Company faces the medium term future with optimism that it will be able to maintain its record of outperformance.

John Southwell
Chairman
10 June 2002

It is our objective to provide a continuing flow of development profits from pre-let and speculative office, retail and industrial schemes in partnership with funding institutions. Whilst a small number of schemes are financed with bank funding and, therefore, remain on our balance sheet, the majority of our schemes are forward sold to institutional investors. This policy has a significant effect on our return on capital employed and has enabled us to create and sustain one of the largest development programmes in the country.

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Development programme – end values

	Office £m	Retail £m	Industrial £m	Total £m
Completed Programme:				
Let and sold 1993-2002	**631**	**232**	**37**	**900**
Current Programme:				
31 March 2003	125	12	–	**137**
31 March 2004	140	51	–	**191**
31 March 2005+	70	–	–	**70**
	335	**63**	**–**	**398**

Offices

The office development programme at Helical continues to provide high quality office accommodation to meet the needs of the professional and service sectors in London and the South East.

Offices at One Plough Place London EC4, The Saunders Building London W6, 200 Hammersmith Road London W6 and The Meadows Camberley were all completed during the year. New office developments were started at 3 Bunhill Row London EC1, The Heights Brooklands Weybridge and The Waterfront Fleet. Since the year end we have started work on our prime development, at 40 Berkeley Square London W1.

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1-2. The Meadows, Camberley
3-4. The Saunders Building, Hammersmith, London W6

Completed programme

Since Helical recommenced its development activity in 1993 it has completed and let new office buildings with a value at completion, of over £630m. The most recent additions to this list have all contributed to the profits for this year and are at:

It is our objective to provide a continuing flow of development profits from pre-let and speculative office, retail and industrial schemes in partnership with funding institutions.

One Plough Place, London EC4

One Plough Place is an office building of 53,000 sq.ft. with 5,000 sq.ft. of restaurant space located at the junction of Plough Place and Fetter Lane in the heart of Midtown, Central London. Forward funded by Henderson Investors on behalf of one of their clients, this building was completed in May 2001. The restaurant space was quickly let to Chez Gerard for one of its Livebait seafood restaurants. Shortly afterwards the whole of the office space was let to The New Opportunities Fund, a Government Organisation distributing lottery funding.

The Saunders Building, Hammersmith Road, London W6

The Saunders Building is an office development of 15,000 sq.ft. newly constructed behind an existing façade in the heart of Hammersmith in West London. Funded using internal resources this development was completed in October 2001. The Saunders Building was subsequently let to a joint venture between Sony and Ericsson and then sold to Royal & Sun Alliance.

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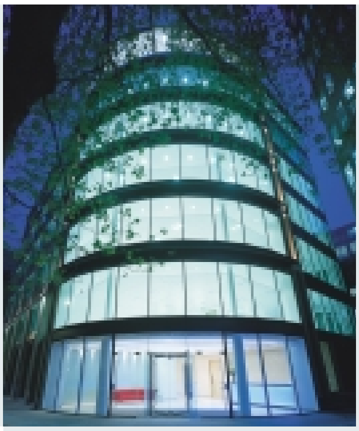

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1-3. One Plough Place, London EC4

200 Hammersmith Road, London W6

Next to The Saunders Building is a 65,000 sq.ft. new headquarters office development at 200 Hammersmith Road. This development was forward sold in advance of construction to a Merrill Lynch Investment Managers/HQ Global Offices Limited partnership for operation as a serviced office centre. The building was completed in November 2001.

Current programme

Helical currently has five office developments either in the course of construction or completed awaiting letting.

The Meadows, Camberley

This 140,000 sq.ft. office development was completed in March 2002 and is currently available to let. Funded by Scottish Widows the development is a joint venture with Morgan Grenfell Property Unit Trust. Comprising four distinct buildings the development is close to Blackwater Station, Camberley with views overlooking the River Blackwater and adjacent meadows towards The Meadows Retail Park.

The majority of our schemes are forward sold to institutional investors.

3 Bunhill Row, London EC1

3 Bunhill Row is a 95,000 sq.ft. office development due for completion in December 2002. In June 2001 the building was pre-let to solicitors Linklaters. Shortly after the pre-letting Helical forward sold the development for £63.5m, reflecting a yield of 6.65%, to a limited partnership formed by Matrix Securities on behalf of its investors. Under the terms of the sale to Matrix Securities the total sale proceeds were paid to Helical in advance of construction with certain outstanding contingent liabilities. Consequently, the Company's cash balances at the year end include a sum of £28.3m payable to the construction team over the remaining period of construction.

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1-3. 200 Hammersmith Road, London W6

The Heights, Weybridge, Surrey
The Heights, Weybridge, Surrey is a 340,000 sq.ft. office campus development currently under construction next to the UK headquarter buildings of Proctor & Gamble and Sony. Spread over a 22 acre site acquired from Proctor & Gamble the development was forward funded by Prudential Portfolio Managers. The development will comprise five separate buildings and is expected to be completed in March 2003.

The Waterfront Business Park, Fleet
The Waterfront Business Park, Fleet comprises 40,000 sq.ft. of 1990s built offices and 50,000 sq.ft. of 1960s built industrial buildings all held by Helical as an investment. Adjacent to the Business Park is a 4.5 acre site which is currently being developed. This development will comprise three buildings totalling 56,000 sq.ft. of office space. Forward funded by Aberdeen Property Investors, the development is due to be completed in October 2002.

The forward sale of our developments has a significant effect on our return on capital employed.

40 Berkeley Square, London W1
40 Berkeley Square is a prime office development. This former London headquarters of advertising agency J. Walter Thompson is to be demolished and replaced by a high specification modern office building overlooking the Square. Comprising eight floors of offices, the site is to be redeveloped in a joint venture with current owners, Morley Fund Management.

Future programme
Looking to the future we are in discussions on a number of new development opportunities in Central London and the South East in conjunction with some of the leading institutions with whom we have created strong relationships in the past.

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1-2. The Heights, Weybridge, Surrey

Retail Developments

During the year Helical Retail concluded negotiations to redevelop Accrington town centre and has now started work on the development. This 60,000 sq.ft. redevelopment of the market square has been pre-sold to Bilsdale, a local investment fund, with 40,000 sq.ft. of the space pre-let to Wilkinsons and JJB Sports. It is expected that the development will be completed in early Spring 2003.

In Wigan, long running negotiations with land owners have now been concluded to enable a site to be sold with planning permission to B&Q for the construction of a 135,000 sq.ft. superstore. Completion of this retail warehouse is expected to be in Spring 2003.

In addition to these two retail developments which are under construction, negotiations continue in respect of developments in Blackburn, Hanley, Ipswich and Wigston.

We have created one of the largest development programmes in the country.

Industrial

During the year the Company completed a 104,300 sq.ft. warehouse at Hayes, near Heathrow, London. Pre-let to Allport Limited, the building was forward funded by Hill Samuel Property Unit Trust.

Gerald Kaye
Development Director
10 June 2002

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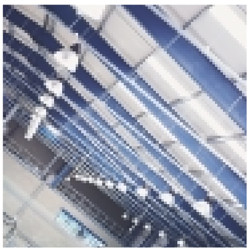

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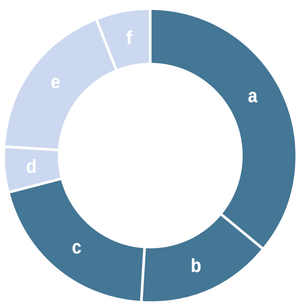
1-2. Arcadia, Hayes, London
3. Accrington

Our investment philosophy is based on four guiding principles. Helical actively manages its investment portfolio, rotating between sectors to maximise its exposure to growth stock. Gearing is used on a tactical basis, being raised to accentuate property performance when property returns are judged to materially outperform the cost of debt. The average number of properties held is kept small to facilitate fast repositioning of the portfolio and encourage management focus on key assets. Finally, there is a preference for multi-let stock where value can be added through refurbishment and lease restructuring.

During the course of the financial year we continued to rationalise our portfolio, raising just under £70m from the sale of 17 of our smallest properties in two portfolios together with a retail park at Nottingham and a City office at 48 Gracechurch Street. All sales were concluded above valuation, producing a net surplus of circa £2.5m or 4%. 48 Gracechurch Street was a notable success. Having been acquired in early 2000 for just over £7m, it was refurbished, let to seven tenants and sold for £14.55m to show a profit of over 50% on cost.

Over £42m was invested through a combination of capital expenditure on the existing portfolio and, more significantly, on nine purchases mainly in the industrial and out-of-town retail sectors.

Sector weightings



Total Central London Offices:	**71%**		**Other Sectors:**	**29%**	
a West End Offices	36%		d South East Offices	5%	
b City Offices	15%		e Industrial	18%	
c Other Central London Offices	20%		f Out of Town Retail	6%	

Last year we commented that the process of letting up voids and securing reversions at rent review should generate capital uplifts even in a flat market. This proved to be the case during the year as our portfolio produced a 4.4% valuation increase at a time when market indices showed no underlying capital growth in the property market. Until we see stronger economic activity and a recovery in rental values, the principal drivers of future performance will continue to be asset management initiatives together with stock selection on new purchases.

The current valuation yields on the portfolio of 7.2% initial with a reversionary yield of 9.2% allow for notional purchasers' costs of 5.75%. In practice, Helical earns a yield of 7.6%, anticipated to rise to 9.7%, which compares favourably against the current cost of finance.

Since the year end we have entered into a contract to sell 60 Sloane Avenue to Deka for £65.6m. We also have agreed terms to sell two other Central London offices for over £60m. On the acquisition front we have bought two further industrial estates within the South East, with asset management potential, for just under £10m. The net result of these transactions, if all concluded, will be to raise our reversionary yield towards 10% and move our London weighting nearer to 60% and our industrial weighting up to 25%. The intention is to recycle the money raised from the London office disposals into the industrial and retail warehouse sectors, taking our London weighting down to circa 50%.

At a time of little rental growth we are targeting acquisitions that are not dependent on market momentum to deliver attractive returns. These tend to be "turnaround"' situations where physical and planning improvements, lettings and lease restructurings create value. In the meantime, we continue to focus on releasing the reversionary potential of our existing portfolio, a process which should continue to deliver further capital uplifts.

Michael Brown
Investment Director
10 June 2002

Investment Portfolio – valuation statistics

	Capital Value Increases Year Ended 31.3.02	Valuation Yields Initial	Reversionary	Equivalent	True equivalent
West End offices	7%	6.8%	8.5%	7.8%	8.2%
City offices	2%	7.2%	9.0%	8.5%	9.0%
Other Central London offices	6%	6.1%	9.8%	9.2%	9.7%
South East offices	3%	8.5%	9.2%	8.7%	9.2%
Industrial	4%	9.0%	10.6%	10.1%	10.7%
Out of town retail	3%	6.8%	8.1%	7.9%	8.3%
Total portfolio	4.4%	7.2%	9.2%	8.6%	9.1%

Helical actively manages its investment portfolio, rotating between sectors to maximise its exposure to growth stock.

Properties with value in excess of £8m (92% of investment assets by value)

All freehold except Rex House

Address	Comments	Year Acquired	Growth Since Acquisition % p.a. Rental Value	Capital Value	Current Average Passing Rent p.s.f
City Offices					
Cheapside House, Cheapside, London EC2	70,000 sq.ft. of multi-let offices refurbished and let in 1998 plus prime retail.	1997	14.3%	10.9%	£33.00
5-10 Bury Street, London EC3	28,000 sq.ft. of multi-let offices subject to rolling refurbishment.	1997	13.2%	13.0%	£29.00
66 Prescot Street, London E1	110,000 sq.ft. top specification office built in 1992. 50% share.	2001	0%	9.2%	£22.00
West End Offices					
60 Sloane Avenue, Brompton Cross, London SW3	75,000 sq.ft. flagship office building built in 1994, let to Leo Burnett plus 32,000 sq.ft. of retail and restaurant accommodation.	1999	15.3%	7.3%	£35.00
Capital House, Marylebone Road, Paddington, London NW1	90,000 sq.ft. 1991 built multi-let offices plus 47,000 sq.ft. let to Marks & Spencer at £0.60 p.s.f. until December 2002.	1998	10.2%	14.1%	£32.00
Rex House, Lower Regent Street, London SW1	63,000 sq.ft. of of newly refurbished offices plus 28,000 sq.ft. retail and gym. Leasehold expiring 2035.	2000	17.3%	27.3%	£57.00
141–143 Drury Lane, Covent Garden, London WC2	40,000 sq.ft. multi-let office building scheduled for refurbishment or residential conversion after 2002.	1998	14.3%	13.3%	£23.50
71 Kingsway, London WC2	30,000 sq.ft. office building subject to rolling refurbishment.	1998	12.6%	13.9%	£34.00

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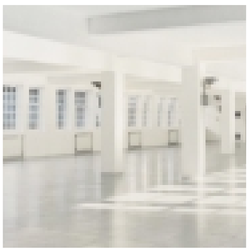

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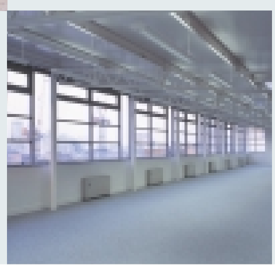

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1-2. Shepherds Building, London W14
3-4. 61 Southwark Street, London SE1
5. 1 & 2 Sprucefield Retail Park, Lisburn
6. Mill Street, Slough

Properties with value in excess of £8m continued

All freehold except Rex House

Address	Comments	Year Acquired	Growth Since Acquisition % p.a. Rental Value	Growth Since Acquisition % p.a. Capital Value	Current Average Passing Rent p.s.f
Other Central London Offices					
61 Southwark Street, London SE1	65,000 sq.ft. of multi-let offices subject to rolling refurbishment programme.	1998	25.7%	24.5%	£17.00
4 & 5 Paris Gardens, Southwark, London SE1	45,000 sq.ft. offices acquired vacant and simultaneously pre-let to Guardian IT. Refurbished in 2000.	2000	11.0%	17.3%	£24.50
The Interchange, Camden Lock, NW1	65,000 sq.ft. of loft offices let to Associated Press Television News. 90% share.	1999	14.7%	13.9%	£32.00
The Rotunda Complex, Oval Road, Camden NW1	50,000 sq.ft. of multi-let loft office village.	1998	20.3%	18.0%	£19.00
Shepherds Building, London W14	155,000 sq.ft. of loft offices refurbished in 2001.	2000	11.8%	10.7%	£25.00
South East Offices					
Waterfront Business Park, Fleet	40,000 sq.ft. of 1990s offices plus 50,000 sq.ft. of 1960s industrial capable of office redevelopment.	2000	4.5%	7.6%	£21.00
Out of Town Retail					
Weston Retail Park, Weston Super Mare	140,000 sq.ft. anchored by Great Mills, Comet and Carpetright. 75% share.	1999	16.6%	13.3%	£6.50
1 & 2 Sprucefield Retail Park, Lisburn	50,000 sq.ft. Currys and PC World. 50% share.	2001	0%	0%	£15.00
Sainsbury, Wednesfield	70,000 sq.ft. superstore. 75% share.	2001	0%	0%	£11.00
Industrial					
Aycliffe & Peterlee	2m sq.ft. of industrial assets.	1987	4.8%	10.7%	£2.50
Mill Street, Slough	185,000 sq.ft. with refurbishment potential.	2002	–	–	£6.50

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Gearing is used on a tactical basis, being raised to accentuate property performance when property returns are judged to materially outperform the cost of debt.

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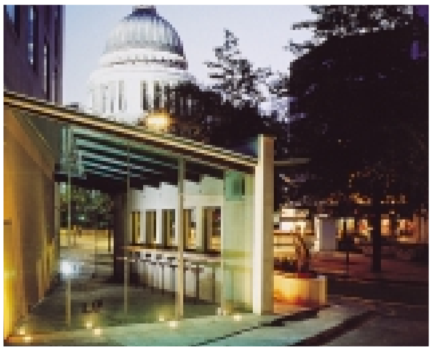

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1. The Rotunda Complex, Oval Road, Camden NW1
2. The Interchange, Camden Lock, London NW1
3. Cheapside House, Cheapside, London EC2
4. The Dining Wall Café, Cheapside House
5. Capital House, Marylebone Road, Paddington, London NW1
6. 71 Kingsway, London WC2
7. 60 Sloane Avenue, Brompton Cross, London SW3
8. 141-143 Drury Lane, Covent Garden, London WC2

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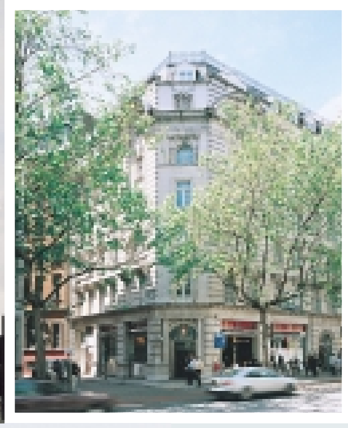


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Restated prior year figures

Following the adoption of FRS19 on Deferred Tax the Group has restated its taxation charge for the year to 31 March 2001 and the provision for liabilities and charges at that date. The Company has also restated a prior year acquisition of a property investment subsidiary, Glenlake Limited. This company was acquired with tax losses with a fair value, under FRS19 principles, of £6.9m. In recognising the value of these tax losses the Company has accounted for negative goodwill of £6.9m. These restated figures have also resulted in changes to prior years net asset values per share and earnings per share.

Profits

Gross profits for the year were £45.0m. These compare with gross profits for the year to 31 March 2001 of £56.3m and include net rental income after property overheads of £27.8m (2001: £25.5m) and trading profits of £0.2m (2001: £0.9m). Our development programme contributed £17.1m (2001: £29.5m).The share of associated companies profits were £1.0m (2001: £0.1m).

The surplus over book value on sale of investment properties was £2.5m (2001: £0.7m) with a loss of £0.2m (2001: nil) on the sale of an investment property holding subsidiary.

Interest paid on borrowings, net of interest received on cash balances reduced from £19.2m to £14.8m. This was after capitalisation of £1.0m of interest (2001: £1.6m).

Pre-tax profits fell by 12.4% from £25.8m to £22.6m. With an effective tax charge of 24% (2001: restated 21%) and minority interest of £0.2m (2001: £0.1m), profits before dividends fell by 15.7% to £17.1m. Earnings per share on a diluted basis fell by 15% to 57.8p per share.

Dividends

The Board is recommending to members at the Annual General Meeting on 24 July 2002 a final dividend of 8.25p per share (2001: 7.50p) to be paid on 25 July 2002 which, with the interim dividend of 5.50p, makes a total of 13.75p. This is an increase of 10% on the previous period's dividend of 12.50p. This is covered over four times by profits after tax.

During the year, a special dividend of 100.00p was declared as payable to shareholders on the Company's share register on 2 April 2002. This dividend was paid on 26 April 2002.

Net assets

As noted above, the net assets of the Company reflect the adoption of FRS19 on Deferred Tax and the recognition of negative goodwill in respect of the acquisition of Glenlake Limited in June 1999. An adjustment of £6.9m has been made to the opening reserves at 1 April 2000 which, together with the deferred tax provision of £0.2m at 31 March 2001, reduces net assets at that date to £234.8m from £241.9m previously stated in the financial statements for that year.

The increase in value of investment properties of £19.4m (2001: £39.1m) less the retained losses (after special dividend of £28.4m) of £15.3m (2001: restated retained profits £16.7m) led to a rise in net assets to £239.1m (2001: restated £234.8m). Net assets per share of 793p compare with 779p in 2001. Diluted net assets per share rose from 754p (restated) to 766p and, after taking account of the value ascribed to financial instruments under FRS13 and unprovided deferred tax, rose from a restated 654p to 661p.

Borrowings and financial risk

Net debt fell to £152.4m from £232.8m and, with the rise in net assets, Helical reduced its net gearing at 31 March 2002 to 64% from 99% (restated). The Company seeks to manage financial risk by ensuring that there is sufficient financial liquidity to meet foreseeable needs and to invest surplus cash safely and profitably. At the year end, Helical had

£106m of undrawn bank facilities and cash of £75.5m (2001: £31.8m).

Helical insures against adverse movements in interest rates through the use of a number of interest rate hedging instruments. Borrowings of £160m are capped until 2004 and £111m until 2006 at interest rates between 6.00% and 7.50%. A further £80m is capped at 7.00% from January 2006 until September 2009. £50m is fixed at a rate of 6.89% until October 2002 and £9.2m reducing to £5.0m at 9.05% until 2009. The Company has interest rate floors at 4.78% on £160m until January 2006 and on £80m at 4.80% from January 2006 until September 2009.

FRS13 requires disclosure of financial instruments on a fair value basis and at 31 March 2002 an adjustment to reflect this basis would reduce net assets, after tax relief, by £2.0m (2001: £2.3m) which, if provided for, would reduce diluted net assets by 6p (2001: 7p) per share.

FRS19 – deferred tax

FRS19, which applies to accounting periods ending on or after 23 January 2002, has been adopted in these financial statements. This new standard requires deferred tax to be provided on most types of timing differences including accelerated capital allowances.

In addition to the recognition of negative goodwill of £6.9m, the adoption of FRS19 has resulted in an adjustment to the balance sheet at 31 March 2001 of £0.2m representing the discounted value of the potential clawback of capital allowances as at that date, net of the discounted value of the deferred tax asset arising in respect of tax losses.

Performance measures

In order to evaluate its overall performance against other small to mid size capital companies, both here and abroad, Helical, amongst other measures, looks at equity value added and returns on equity. The internal calculations for the last five years are shown in Table 1 below.

Nigel McNair Scott
Finance Director
10 June 2002

Table 1 – Equity value added and price/value added

Equity Value Added

Year ended 31 March	2002	2001	2000	1999	1998
Capital employed £m	390	466	430	316	260
Return on capital %	10.5	18.2	19.8	18.6	18.7
Weighted average cost of capital %	6.3	5.9	6.0	6.2	8.1
Spread	4.2	12.3	13.8	12.4	10.6
Equity value added	19.6	52.9	43.7	32.2	29.6

	2002	2001	2000	1999	1998
Price/Value added	**£m**	**£m**	**£m**	**£m**	**£m**
Earnings after tax	17.1	20.2	16.0	16.1	14.6
Revaluation surpluses	19.4	39.5	30.4	19.8	23.6
Value added	36.5	59.7	46.4	35.9	38.2
Market capitalisation	236.3	222.1	167.6	141.6	152.7
Price/value added – times	6.5 X	3.7 X	3.6 X	3.9 X	4.0 X

The calculautions for the two years to 31 March 2002 reflect the adoption of FRS19 on Deferred Tax.

Officers and Senior Management

Board of directors

Managing Director

Michael Slade BSc (Est. Man) FRICS FSVA, Aged 55
Michael Slade joined the Board as executive director in August 1984 and was appointed Managing Director in 1986.

Finance Director

Nigel McNair Scott MA FCA FCT, Aged 56
Nigel McNair Scott joined the Board as non-executive director in 1985 and was appointed Finance Director in 1986. A former director of Johnson Matthey plc, he is Chairman of Avocet Mining Plc and a Director of Govett Strategic Investment Trust.

Development Director

Gerald Kaye BSc (Est. Man) FRICS, Aged 44
Gerald Kaye was appointed to the Board as executive director in 1994 and is responsible for the Company's development activities. He is a former director of London & Edinburgh Trust Plc.

Investment Director

Michael Brown BSc (Est. Man) MRICS, Aged 41
Michael Brown was appointed to the Board as executive director in 1998 and is responsible for the Company's property investment activities. He is a former director of Threadneedle Property Fund Managers.

Company secretary and registered office

Company Secretary

Tim Murphy
ACA Aged 42
Appointed March 1994.

Registered Office

11-15 Farm Street
London W1J 5RS
Telephone: 020 7629 0113
Fax: 020 7408 1666

Independent non-executive directors

Chairman

John Southwell MA (Senior non-executive), Aged 69
John Southwell joined the Board of Helical Bar plc as non-executive director in 1986 and was appointed non-executive Chairman in 1988. He is the senior non-executive director and Chairman of the Remuneration, Audit and Nominations and Appointments Committees. A former director of Laing & Cruickshank, Corporate Finance, he currently acts as a consultant to Credit Lyonnais Securities Europe (UK). John Southwell is Chairman of Lochain Patrick Holdings Ltd and Director of James Cropper PLC.

Giles Weaver FCA, Aged 56
Giles Weaver was appointed to the Board as non-executive director in 1993. He is a member of the Remuneration, Audit and Nominations and Appointments Committees. A recent Chairman of Murray Johnstone Limited, he is Chairman of Murray Emerging Growth & Income Trust plc, a director of Aberdeen Asset Managers plc, Charter Pan European Trust plc, James Finlay Ltd and Atrium Underwriting Plc.

Antony Beevor BA, Aged 62
Antony Beevor was appointed to the Board as non-executive director in 2000. He is a member of the Remuneration, Audit and Nominations and Appointments Committees. Antony Beevor is a Senior Advisor to the London Mergers and Acquisitions business of Société Générale, a Deputy Chairman of the Takeover Panel, the Chairman of Croda International Plc and the Chairman of Nestor Healthcare Group plc.

Senior management

Matthew Bonning-Snook Development Executive, Aged 34
Michael Butcher Construction Executive, Aged 58
John Inwood Management Executive, Aged 36
Jack Pitman Investment Executive, Aged 33

Investor relations

Email: info@helical.co.uk
Web-site: www.helical.co.uk
Public relations: Financial Dynamics
Investor relations: itruffle.co.uk

Directors' Report

The directors present their report and financial statements for the year ended 31 March 2002.

Principal activities

The principal activity of the Company is that of a holding company and the principal activities of the subsidiaries are property investment, dealing and development. A full review of these activities and the Group's future prospects are given on pages 4 to 19.

Trading results

The results for the year are set out on page 24. The profit on ordinary activities before taxation amounts to £22,573,000 (2001: £25,824,000).

Share capital

The detailed movements in share capital are set out in note 21 to these financial statements.

At 31 March 2002 there were 29,913,476 ordinary 5p shares in issue.

Dividends

A final dividend of 8.25p (2001: 7.50p) per share is recommended for approval at the Annual General Meeting on 24 July 2001. The total ordinary dividend, including the special dividend, of 113.75p (2001: 12.50p) per share amount to £32,328,000 (2001: £3,570,000).

Donations

Donations to charities amounted to £3,685 (2001: £31,000). A contribution of £10,000 (2001: £20,000) 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 2002 there were 26 days' (2001: 28 days') purchases outstanding in respect of the Company's creditors.

Auditors

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

Substantial shareholdings

At 28 May 2002 the shareholders listed in Table A on page 24 had notified the Company of a disclosable interest of 3% or more in the nominal value of the ordinary share capital of the Company.

Directors' remuneration

Details of directors' remuneration, share options, service contracts and pension contributions are noted in the Report on Remuneration on pages 48 to 51.

Directors and their interests

The directors who were in office during the year and their interests, all of which were beneficial, in the ordinary shares are listed in Table B on page 22.

On 21 June 2001, shares acquired by the Helical Bar Profit Sharing Scheme were allocated to directors and staff. The number of shares allocated to directors is disclosed in the Report on Remuneration on pages 48 to 51.

There have been no changes in the directors' interests in the period from 31 March 2002 to 7 June 2002.

Re-election

Messrs J P Southwell and C G H Weaver are due to retire by rotation and offer themselves for re-election.

Going concern

After making 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 in preparing the financial statements.

Corporate governance

The Company's application of the principles of corporate governance is noted in the Corporate Governance Report on page 46.

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 maintaining 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 24 July 2002 at 11.30am at The Westbury, Conduit Street at New Bond Street, London W1A 4UH. The notice of meeting is set out in the separate circular to shareholders which accompanies this document.

By Order of the Board
T.J. Murphy
Secretary
10 June 2002

Table A – Substantial shareholdings

	No. of ordinary shares	**%**
Michael Slade	3,014,938	10.1
Schroder Investment Management	2,544,792	8.5
Fidelity Investments	1,905,596	6.4
Threadneedle Asset Management	1,747,973	5.8
Helical Bar Employee Share Ownership Plan Trust	1,491,939	5.0
TR Property Investment Trust	1,300,000	4.3
Legal and General	902,980	3.0

Table B – Directors interests

	Ordinary 5p shares	
	31.03.02	**31.03.01**
J.P. Southwell	34,750	33,870
M.E. Slade	3,014,938	3,014,019
N.G. McNair Scott	626,617	625,698
C.G.H. Weaver	18,000	18,000
A.R. Beevor	1,477	1,477
G.A. Kaye	309,215	308,296
P.M. Brown	186,551	185,632
Total directors' interests	4,191,548	4,186,992
Percentage of issued share capital	14.0	14.0

Independent Auditors' Report to the Shareholders of Helical Bar plc

We have audited the financial statements of Helical Bar plc for the year ended 31 March 2002 which comprise the principal accounting policies, the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and notes 1 to 30.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

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 Company and other members of the Group is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and control, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairman's Statement, the Development and Investment Directors' Reports, the Financial Review and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion
We conducted our audit in accordance with United Kingdom 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 Group and the Company as at 31 March 2002 and of the Group's result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton
Registered Auditors
Chartered Accountants
London
10 June 2002

Consolidated Profit and Loss Account

Helical Bar plc and subsidiary undertakings for the year ended 31 March 2002

	Note	**Year Ended 31.3.02 £000**	Restated Year Ended 31.3.01 £000
Turnover	2	**136,632**	165,259
Cost of sales		**(91,646)**	(108,958)
Gross profit	2	**44,986**	56,301
Administrative expenses	3	**(10,888)**	(12,031)
Operating profit		**34,098**	44,270
Share of associated company profits		**986**	86
Profit on sale of investment properties	4	**2,463**	709
Loss on sale of subsidiary	28	**(195)**	–
Profit on ordinary activities before interest		**37,352**	45,065
Net interest payable and similar charges	5	**(14,779)**	(19,241)
Profit on ordinary activities before taxation		**22,573**	25,824
Tax on profit on ordinary activities	6	**(5,353)**	(5,471)
Profit on ordinary activities after taxation		**17,220**	20,353
Equity minority interests		**(164)**	(126)
Profit for the year		**17,056**	20,227
Dividends paid and proposed	7	**(32,328)**	(3,570)
Retained (loss)/profit for the year	22	**(15,272)**	16,657
By company	8	**(4,857)**	44,529
By subsidiaries		**(10,457)**	(27,872)
By associates		**42**	–
Earnings per share	9	**60.0p**	70.0p
Diluted earnings per share	9	**57.8p**	67.7p

The notes on pages 28 to 44 form part of these financial statements.

Balance Sheets

Helical Bar plc and subsidiary undertakings at 31 March 2002

	Note	Group		Company	
			Restated		Restated
		31.3.02	31.3.01	**31.3.02**	31.3.01
		£000	£000	**£000**	£000
Fixed assets					
Intangible assets	10	**(6,240)**	(6,235)	**–**	–
Tangible assets	11	**440,685**	454,580	**774**	972
Investments	12	**9,599**	9,546	**12,163**	11,837
Investment in associates		**1,937**	185	**–**	–
		445,981	458,076	**12,937**	12,809
Current assets					
Other assets for resale		**–**	525	–	–
Stock	13	**29,585**	27,861	**141**	13
Debtors	14	**21,289**	36,439	**118,674**	128,905
Investments	15	**1**	1	**–**	–
Cash at bank and in hand	16	**75,514**	31,841	**39,021**	22,016
		126,389	96,667	**157,836**	150,934
Creditors: amounts falling due within one year	17	**(107,936)**	(88,331)	**(35,946)**	(24,118)
Net current assets		**18,453**	8,336	**121,890**	126,816
Total assets less current liabilities		**464,434**	466,412	**134,827**	139,625
Creditors: amounts falling due after more than one year	18	**(224,597)**	(231,395)	**–**	–
Provisions for liabilities and charges	20	**(728)**	(187)	**(56)**	(4)
		239,109	234,830	**134,771**	139,621
Capital and reserves					
Called-up share capital	21	**1,496**	1,496	**1,496**	1,496
Share premium account	22	**35,271**	35,264	**35,271**	35,264
Revaluation reserve	22	**142,100**	128,468	**–**	–
Capital redemption reserve	22	**7,101**	7,101	**7,101**	7,101
Other reserves	22	**291**	291	**1,987**	1,987
Profit and loss account	22	**50,993**	60,532	**88,916**	93,773
Equity shareholders' funds		**237,252**	233,152	**134,771**	139,621
Equity minority interests		**1,857**	1,678	**–**	–
		239,109	234,830	**134,771**	139,621

The financial statements were approved by the Board of Directors on 10 June 2002.

M.E. Slade	**N.G. McNair Scott**
Director	**Director**

The notes on pages 28 to 44 form part of these financial statements.

Statement of Total Recognised Gains and Losses

Helical Bar plc and subsidiary undertakings for the year ended 31 March 2002

	Year Ended 31.3.02 £000	Restated Year Ended 31.3.01 £000
Statement of total recognised gains and losses		
Profit for the year after taxation	**17,220**	20,353
Minority interest	**(164)**	(126)
Revaluation of investment properties – subsidiaries	**18,792**	39,320
– associates	**1,477**	147
Minority interest in revaluation surplus	**(905)**	(385)
Total recognised gains and losses	**36,420**	59,309
Prior year adjustment – negative goodwill	**(6,892)**	–
– deferred tax	**(187)**	–
Total recognised gains and losses since last financial statements	**29,341**	59,309

	31.3.02 £000	Restated 31.3.01 £000
Notes on historical cost profits and losses		
Reported profit on ordinary activities before taxation	**22,573**	25,824
Realisation of property revaluation gains of previous years	**5,606**	6,315
Historical cost profit on ordinary activities before taxation	**28,179**	32,139
Historical cost (loss)/profit for the year retained	**(9,666)**	22,972

	31.3.02 £000	Restated 31.3.01 £000
Reconciliation of movements in shareholders' funds		
Profit for the year	**17,056**	20,227
Dividends paid and proposed	**(32,328)**	(3,570)
	(15,272)	16,657
Revaluation of investment property – subsidiaries	**19,110**	39,320
– associates	**1,477**	147
Revaluation deficit realised on sale of subsidiary	**(318)**	–
Minority interest in revaluation surplus	**(905)**	(385)
Issue of shares	**8**	777
Net addition to shareholders' funds	**4,100**	56,516
Opening shareholders' funds	**233,152**	176,636
Closing shareholders' funds	**237,252**	233,152

The notes on pages 28 to 44 form part of these financial statements.

Consolidated Cash Flow Statement

Helical Bar plc and subsidiary undertakings for the year ended 31 March 2002

	Note	Year Ended 31.3.02 £000	Year Ended 31.3.01 £000
Net cash inflow from operating activities	23	**65,634**	56,615
Returns on investment and servicing of finance	24	**(16,062)**	(20,582)
Taxation	24	**(4,967)**	(5,785)
Capital expenditure and financial investment	24	**40,068**	(16,779)
Acquisitions and disposals		**(178)**	–
Equity dividends paid		**(3,694)**	(3,389)
Cash flow before management of liquid resources and financing		**80,801**	10,080
Management of liquid resources	25	**(20,285)**	(15,553)
Financing			
Issue of shares		**8**	777
(Decrease)/increase in debt	26	**(37,046)**	4,141
Refinancing costs		**(96)**	–
Increase/(decrease) in cash		**23,382**	(555)

Reconciliation of net cash flow to movement in net debt

	31.3.02 £000	31.3.01 £000
Increase/(decrease) in cash in the year	**23,382**	(555)
Cash outflow from management of liquid resources	**20,285**	15,553
Cash outflow/(inflow) from change in debt	**37,142**	(4,141)
Debt arrangement expenses	**(408)**	(572)
Movement in net debt in the year	**80,401**	10,285
Net debt 1 April 2001	**(232,800)**	(243,085)
Net debt 31 March 2002	**(152,399)**	(232,800)

The notes on pages 28 to 44 form part of these financial statements.

Notes to the Financial Statements

1. Principal accounting policies

Basis of preparation

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

The principal accounting policies of the Group are set out below. The policies have remained unchanged from the previous year apart from in respect of the adoption of Financial Reporting Standard 19 ("FRS19") on Deferred Tax. The effect of adopting FRS19 has been to recognise in the Group's balance sheet the deferred tax liability relating to accelerated capital allowances, the deferred tax asset relating to unrelieved tax losses and the consequent recognition of negative goodwill arising from a prior year acquisition of a subsidiary company.

Basis of consolidation

The Group financial statements consolidate those of the Company and its subsidiary undertakings drawn up to 31 March 2002. 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 funded developments, turnover comprises the increase in the valuation of work during the year and profit recognised on each development. 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 economic 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

The Group's previous accounting policy was to provide for deferred tax to the extent that it was deemed probable that a liability or asset would crystallise using the tax rates estimated to arise when the timing differences were expected to reverse. Unprovided deferred tax was disclosed as a contingent liability. Under this policy potential tax liabilities arising from revaluation surpluses, accelerated capital allowances and other timing differences, net of tax losses, were normally disclosed as contingent liabilities.

FRS19, applied for the first time to these accounts, requires that deferred tax be recognised as a liability or asset if the transactions or events that give the Group an obligation to pay more tax in future or a right to pay less tax in future have occurred by the balance sheet date. Despite this general principle, FRS19 prohibits the recognition of deferred tax on revaluation gains and losses, unless they are recognised in the profit and loss account, and such deferred tax not provided is disclosed in these accounts as a contingent liability.

In accordance with FRS19 the Group makes full provision for other timing differences which are primarily in respect of capital allowances on plant and machinery and industrial buildings allowances, both types of allowances derived from assets acquired with, or subsequently purchased for, the Group's investment property portfolio. Deferred tax assets and liabilities provided for under FRS19 are discounted to reflect the time value of money between the balance sheet date and the dates that it is estimated that the underlying timing differences will reverse. Following the sale of a property, any deferred tax provisions not required will be released to the profit and loss account.

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; and,
– the date of completion of the development.

Investment property

Completed investment properties are included in the balance sheet at their open market values. Any surplus arising is credited to the revaluation reserve and any temporary deficits are netted off against the remaining balance on the reserve. Permanent diminutions in value below original cost are reflected through the profit and loss account. In accordance with the Statement of Standard Accounting Practice No. 19 – Accounting for Investment Properties, freehold investment properties and leasehold investment properties where the unexpired term is over twenty years are not depreciated but are valued by an external valuer at least every three years. In years where an external valuation is not commissioned, a valuation is undertaken by a suitably qualified member of the Company's staff.

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 affecting annual valuation.

Financing costs

The Group uses derivative financial instruments to manage exposure to fluctuations in interest rates. Financial assets are recognised in the balance sheet at the lower of cost and net realisable value. Provision is made for diminution in value where appropriate.

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

Goodwill

Goodwill arising on acquisition is treated as an intangible asset and the cost written off in equal instalments over its useful economic life, estimated to be fifteen years.

Employees share ownership plan trust (the "Trust")

Shares in Helical Bar plc owned by the Trust are stated at cost less provision for any permanent diminution in value. Any deficit arising in the future between the original cost of the shares and their net realisable value will be funded by the Company.

Associated company

Undertakings other than subsidiary undertakings, in which the Group has an investment of at least 20% of the shares and over which it exerts significant influence, are treated as associates.

The Group's share of the profits or losses and other recognised gains or losses of the associates are included in the Group profit and loss account and statement of total recognised gains and losses, respectively. Where the accounting periods covered by audited financial statements are not coterminous with those of the Group, the share of profits or losses of the associates has been arrived at from the last audited financial statements available and unaudited management accounts to the Group's balance sheet date.

The Group balance sheet includes the investment in the associates at the Group's share of net assets and the goodwill arising on the acquisition of the interest in so far as it has not already been amortised.

The Company balance sheet shows the investment in the associates at cost less amounts written off.

Liquid resources

Liquid resources are managed by the Group by investing as short-term cash deposits at prevailing deposit rates whilst ensuring appropriate access to such funds to meet foreseeable needs.

2. Turnover and gross profit on ordinary activities before taxation

	Turnover		Gross profit	
	Year Ended 31.3.02 £000	Year Ended 31.3.01 £000	**Year Ended 31.3.02 £000**	Year Ended 31.3.01 £000
The analysis of turnover and gross profit by function is as follows:				
Trading property sales	**2,282**	14,552	**154**	920
Rental income	**31,384**	28,642	**27,827**	25,532
Developments	**102,803**	115,176	**17,072**	29,507
Other income and provisions	**163**	6,889	**(67)**	342
Gross profit			**44,986**	56,301
Central overheads			**(10,888)**	(12,031)
Interest payable less receivable			**(14,779)**	(19,241)
Share of associated company profits			**986**	86
Profit before taxation, profit on sale of investment properties and loss on sale of subsidiary			**20,305**	25,115

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

An analysis of property assets can be found in note 11 and the directors do not consider a further analysis of net assets to be appropriate.

3. Administrative expenses

	Year Ended 31.3.02 £000	Year Ended 31.3.01 £000
Operating profit on ordinary activities is stated after:		
Staff costs	**8,294**	9,225
Depreciation and amortisation		
– tangible fixed assets	**267**	253
– goodwill	**52**	64
Auditors' remuneration:		
– audit services	**106**	85
– non-audit services	**58**	86
Staff costs during the year:		
– salaries and other remuneration	**7,590**	8,115
– social security costs	**604**	1,026
– other pension costs	**100**	84
	8,294	9,225

Details of directors' remuneration are included in the Report on Remuneration on pages 48 to 51.
With the exception of the pension contributions referred to in the Report on Remuneration, other pension costs relate to payments to individual pension plans.

The average number of employees of the Group during the year was:

	31.3.02	31.3.01
Management and administration	**25**	25

4. Sale of investment properties

	Year Ended 31.3.02 £000	Year Ended 31.3.01 £000
Net proceeds from the sale of investment properties	**67,525**	30,333
Book value (note 11)	**(65,062)**	(29,624)
Profit on sale of investment properties	**2,463**	709

Net proceeds from the sale of investment properties and their associated book value include £22,360,000 of properties disposed of at book value on the sale of a subsidiary, Helical (TE) Limited.

5. Net interest payable and similar charges

	31.3.02 £000	31.3.01 £000
Interest payable on bank loans and overdrafts	**14,804**	19,514
Finance arrangement costs	**408**	572
Other interest payable and similar charges	**3,215**	1,343
Interest capitalised	**(1,006)**	(1,597)
Interest receivable and similar income	**(2,642)**	(591)
	14,779	19,241

6. Taxation on profit on ordinary activities

	31.3.02 £000	Restated 31.3.01 £000
The tax charge is based on the profit for the year and represents:		
– United Kingdom corporation tax at 30% (2001: 30%)	**4,811**	5,779
– Adjustments in respect of prior periods	**1**	1,005
Current tax charge	**4,812**	6,784
Deferred tax – origination of timing differences (note 20)	**541**	187
– reversal of timing differences	**–**	1,500
Tax on profit on ordinary activities	**5,353**	5,471

Factors affecting tax charge for period:
The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	31.3.02 £000	31.3.01 £000
Profit on ordinary activities before tax	**22,573**	25,824
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	**6,772**	7,747
Effect of:		
– Expenses not deductible for tax purposes	**102**	127
– Capital allowances for period in excess of depreciation	**(2,036)**	(2,964)
– Chargeable gain in excess of profit on sale of investment property	**787**	1,198
– Capitalised interest	**(109)**	(202)
– Other timing differences	**(100)**	373
– Utilisation of losses	**(605)**	(500)
Current tax charge for period	**4,811**	5,779

7. Dividends

	Year Ended 31.3.02 £000	Year Ended 31.3.01 £000
Attributable to equity share capital		
Ordinary		
– interim paid 5.50p (2001: 5.00p) per share	**1,563**	1,438
– final proposed 8.25p (2001: 7.50p) per share	**2,345**	2,132
Total 13.75p (2001: 12.50p) per share	**3,908**	3,570
– special payable 100.00p (2001: nil) per share	**28,420**	–
	32,328	3,570

The interim dividend of 5.50p was paid on 21 December 2001 to shareholders on the register on 23 November 2001. The special dividend of 100.00p was paid on 26 April 2002 to shareholders on the register on 2 April 2002. The final dividend, if approved at the AGM on 24 July 2002, will be paid on 25 July 2002 to shareholders on the register on 14 June 2002.

8. 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 financial profit for the year of the Company was £27,471,000 (2001: restated £48,099,000).

9. Earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. Shares held by the ESOP, which has waived its entitlement to receive dividends, are treated as cancelled for the purposes of this calculation.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post tax effect of dividends on the assumed exercise of all dilutive options.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

	Earnings £	Year Ended 31.3.02 Weighted average no. of shares	Per share amount pence	Restated earnings £	Year Ended 31.3.01 Weighted average no. of shares	Restated per share amount pence
Basic earnings per share	**17,056,000**	**28,419,782**	**60.0**	20,227,000	28,903,697	70.0
Dilutive effect of share options		**1,090,450**			980,781	
Diluted earnings per share	**17,056,000**	**29,510,232**	**57.8**	20,227,000	29,884,478	67.7

10. Intangible fixed assets

Group	Goodwill £000	Negative goodwill £000	Total £000
Cost at 1 April 2001	720	654	**1,374**
Prior year adjustment	–	(6,892)	**–**
Additions	47	–	**47**
Cost at 31 March 2002	767	(6,238)	**(5,471)**
Amortisation at 1 April 2001	593	124	**717**
Provision for the year	52	–	**52**
Amortisation at 31 March 2002	645	124	**769**
Net book amount at 31 March 2002	122	(6,362)	**(6,240)**
Net book amount at 31 March 2001	127	(6,362)	**(6,235)**

10. Intangible fixed assets continued

Negative goodwill arises of a consequence of the adoption of FRS19 and represents the excess of the value of the restated assets of Glenlake Limited over the consideration paid for those assets in June 1999. The restated assets include a sum of £6,892,000 representing the fair value of tax losses acquired with Glenlake Limited. The net asset value per share of Helical has been reduced at 31 March 2001 by 24p to 779p and, on a fully diluted basis, by 22p to 754p.

11. Tangible fixed assets

	Investment Properties					
	Freehold £000	Leasehold £000	In course of development Freehold £000	Short leasehold property & improvements £000	Vehicles & office equipment £000	**Total £000**
Group						
Cost or valuation at 1 April 2001	391,872	40,610	21,125	646	932	**455,185**
Additions at cost	24,600	823	5,758	–	82	**31,263**
Transfers	26,883	–	(26,883)	–	–	**–**
Transfer from stock	1,657	–	–	–	–	**1,657**
Disposals	(64,452)	(610)	–	–	(46)	**(65,108)**
Revaluation	16,501	2,027	–	–	–	**18,528**
Cost or valuation at 31 March 2002	397,061	42,850	–	646	968	**441,525**
Depreciation at 1 April 2001	–	–	–	272	333	**605**
Provision for the year	–	–	–	47	220	**267**
Eliminated on disposals	–	–	–	–	(32)	**(32)**
Depreciation at 31 March 2002	–	–	–	319	521	**840**
Net book amount at 31 March 2002	397,061	42,850	–	327	447	**440,685**
Net book amount at 31 March 2001	391,872	40,610	21,125	374	599	**454,580**

	Short leasehold property & improvements £000	Vehicles & office equipment £000	**Total £000**
Company			
Cost at 1 April 2001	646	916	**1,562**
Additions at cost	–	82	**82**
Disposals	–	(30)	**(30)**
Cost at 31 March 2002	646	968	**1,614**
Depreciation at 1 April 2001	272	318	**590**
Provision for the year	47	220	**267**
Eliminated on disposals	–	(17)	**(17)**
Depreciation at 31 March 2002	319	521	**840**
Net book amount at 31 March 2002	327	447	**774**
Net book amount at 31 March 2001	374	598	**972**

Interest capitalised in respect of the development of investment properties is included in tangible fixed assets to the extent of £2,244,000 (2001: £1,995,000).

Interest capitalised during the year, at LIBOR plus 21⁄2%, in respect of investment properties in the course of development was £365,000 (2001: £672,000).

Included in disposals is £22,360,000 of investment properties disposed of on the sale of Helical (TE) Limited.

11. Tangible fixed assets continued

The investment properties have been valued on an open market basis at 31 March 2002 as follows:

	£000
Healey & Baker, International Real Estate Consultants	**306,630**
Allsop & Co, Chartered Surveyors	**40,500**
DTZ Debenham Tie Leung, International Property Advisors	**22,165**
Knight Frank, Chartered Surveyors	**2,810**
Directors' valuation	**67,806**
	439,911

The net surplus arising of £18,528,000 (2001: £39,320,000) has been transferred to the revaluation reserve.
The historical cost of investment property is £299,435,000 (2001: £325,139,000).

12. Fixed asset investments

	Group		Company	
	31.3.02 £000	31.3.01 £000	**31.3.02 £000**	31.3.01 £000
Employees' Share Ownership Plan Trust – own shares	**9,599**	9,546	**9,599**	9,546
Shares in subsidiary undertakings at cost	**–**	–	**2,564**	2,291
	9,599	9,546	**12,163**	11,837

	31.3.02 £000	31.3.01 £000	**31.3.02 £000**	31.3.01 £000
The movement in the year was as follows:				
At 1 April 2001	**9,546**	3,656	**11,837**	5,908
Acquired during year	**–**	5,890	**273**	5,929
Provisions released	**53**	–	**53**	–
At 31 March 2002	**9,599**	9,546	**12,163**	11,837

Following approval at the 1997 Annual General Meeting the Company established the Helical Bar Employees' Share Ownership Plan Trust (the "Trust") to be used as part of the remuneration arrangements for employees. The purpose of the Trust is to facilitate and encourage the ownership of shares by or for the benefit of employees by the acquisition and distribution of shares in the Company.

At 31 March 2002 the Trust held 1,491,939 (2001: 1,262,102) ordinary shares in Helical Bar plc over which options had been granted.
At 31 March 2002 the Trust held nil (2001: 229,837) ordinary shares over which no options had been granted.

Interests in associates

At 31 March 2002 the Group and the Company had interests in the following associated companies:

	Country of incorporation	Class of share capital held	Proportion held Group	Proportion held Company	Nature of business
Prescot Street Investments Ltd	United Kingdom	Ordinary	50%	50%	Property investment
Grosvenor Hill (Sprucefields) Ltd	United Kingdom	Ordinary	50%	50%	Property investment

12. **Fixed asset investments** continued

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
48 Gracechurch Street Ltd	Investment	100%
61 Southwark Street Ltd*	Investment	100%
Aycliffe and Peterlee Development Company Ltd	Development and trading	100%
Aycliffe and Peterlee Investment Company Ltd*	Investment	100%
Chancerygate (Albion) Ltd	Trading	100%
Chancerygate (Mill Street) Ltd	Trading	100%
Baylight Developments Ltd	Investment	100%
Glenlake Ltd*	Investment	100%
Harbour Developments (Bracknell) Ltd	Development	100%
Helical Bar (Berkeley Square) Ltd	Development	100%
Helical Bar (Bunhill Row) Ltd	Development	100%
Helical Bar (Chiswell Street) Ltd*	Development	100%
Helical Bar (City Developments) Ltd*	Development	100%
Helical Bar (CL) Investments Ltd*	Investment	100%
Helical Bar (CL) Ltd*	Investment	100%
Helical Bar Developments Ltd	Development	100%
Helical Bar Developments (South East) Ltd	Development and trading	100%
Helical Bar (Rex House) Ltd	Investment	100%
Helical Bar Services Ltd	Management Services	100%
Helical Bar Trustees Ltd	Trustee of Profit Sharing Scheme	100%
Helical Bar (Wales) Ltd*	Development and trading	100%
Helical Bar (Wood Street) Ltd	Development	100%
Helical Properties Ltd	Investment development and trading	100%
Helical Properties (Basingstoke) Ltd*	Investment	100%
Helical Properties Investment Ltd	Investment	100%
Helical Properties Retail Ltd	Investment	100%
Helical (Fleet) Ltd	Investment	100%
Helical (HIS) Ltd	Investment	100%
Helical (Liphook) Ltd	Development (Jersey)	100%
Helical (SA) Ltd	Investment	100%
Helical (Wednesfield) Ltd	Investment	100%
Helical (Westfields) Ltd	Investment	100%
Intercontinental Land and Development Co. Ltd*	Investment development and trading	100%
Networth Ltd*	Investment	100%
Helical (Interchange) Ltd	Investment	90%
Helical Properties (WSM) Ltd*	Investment	75%
Helical Retail Ltd	Development and trading	75%
Helical Retail (RBS) Ltd*	Development and trading	75%

All principal subsidiary undertakings operate in the United Kingdom and, unless otherwise indicated, are incorporated and registered in England and Wales.

*Ordinary capital is held by a subsidiary undertaking.

13. Stock

	Group		Company	
	31.3.02 £000	31.3.01 £000	**31.3.02 £000**	31.3.01 £000
Development sites	**15,464**	22,249	**141**	13
Properties held as trading stock	**14,121**	5,612	**–**	–
	29,585	27,861	**141**	13

Interest capitalised in respect of the development of sites is included in stock to the extent of £633,000 (2001: £443,000). Interest capitalised during the year in respect of development sites amounted to £641,000 (2001: £925,000).

14. Debtors

	Group		Company	
	31.3.02 £000	31.3.01 £000	**31.3.02 £000**	31.3.01 £000
Trade debtors	**5,155**	17,338	**–**	24
Taxation	**–**	21	**–**	646
Amounts owed by associated undertakings	**6,487**	4,684	**6,487**	4,684
Amounts owed by subsidiary undertakings	**–**	–	**111,892**	121,574
Other debtors	**151**	895	**85**	922
Prepayments and accrued income	**9,496**	13,501	**210**	1,055
	21,289	36,439	**118,674**	128,905

15. Current asset investments

	Group		Company	
	31.3.02 £000	31.3.01 £000	**31.3.02 £000**	31.3.01 £000
UK listed investments at cost	**1**	1	**–**	–
	1	1	**–**	–

The market value of listed investments at 31.3.02 was £1,000 (2001: £1,000).

16. Cash at bank and in hand

	Group		Company	
	31.3.02 £000	31.3.01 £000	**31.3.02 £000**	31.3.01 £000
Rent deposits and cash secured against debt repayable within one year	**3,247**	2,314	**–**	–
Cash held to fund future development costs	**28,300**	–	**–**	–
Free cash	**43,967**	29,527	**39,021**	22,016
	75,514	31,841	**39,021**	22,016

On 26 April 2002 the special dividend of £28,420,000 was paid, reducing the free cash balances.

17. Creditors: amounts falling due within one year

	Group		Company	
	31.3.02 **£000**	31.3.01 £000	**31.3.02** **£000**	31.3.01 £000
Bank overdrafts and term loans	**3,316**	33,246	**–**	20,427
Trade creditors	**11,021**	15,639	**568**	142
Corporation tax	**4,053**	4,289	**3,961**	–
Social security costs and other taxation	**207**	3,789	**–**	–
Dividends payable	**30,765**	2,132	**30,765**	2,237
Other creditors	**4,820**	3,976	**112**	255
Accruals and deferred income	**53,754**	25,260	**540**	1,057
	107,936	88,331	**35,946**	24,118

18. Creditors: amounts falling due after more than one year

	Group		Company	
	31.3.02 **£000**	31.3.01 £000	**31.3.02** **£000**	31.3.01 £000
Bank loans repayable within:				
– 1 – 2 years	**3,438**	16,602	**–**	–
– 2 – 5 years	**124,261**	87,187	**–**	–
– after 5 years	**98,382**	129,402	**–**	–
	226,081	233,191	**–**	–
Deferred arrangement costs	**(1,484)**	(1,796)	**–**	–
	224,597	231,395	**–**	–

Bank overdrafts and term loans in creditors falling due within one year and after one year are secured against properties held in the normal course of business by subsidiary undertakings to the value of £378,416,000 (2001: £410,098,000). These will be repayable when the underlying properties are sold. Bank overdrafts and term loans exclude the Groups' share of borrowings in associated companies of £13,575,000 (2001: £9,496,000).

19. Financing and financial instruments

The policies for dealing with liquidity and interest rate risk are noted in the Financial Review on pages 18 and 19.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from the following disclosures.

	Group	
	31.3.02 £000	31.3.01 £000
Bank overdraft and loans – maturity		
Due after more than one year	**224,597**	231,395
Due within one year	**3,316**	33,246
	227,913	264,641

The Group has various undrawn committed borrowing facilities. The facilities available at 31.3.02 in respect of which all conditions precedent had been met were as follows:

	Group	
	31.3.02 £000	31.3.01 £000
Expiring in one year or less	**10,000**	54,618
Expiring in more than one year but not more than two years	**10,000**	13,498
Expiring in more than two years	**86,233**	50,717
	106,233	118,833

Interest rates

		31.3.02			31.3.01	
	%	**Expiry**	**£000**	%	Expiry	£000
Fixed rate borrowings						
– fixed	**9.050**	**Feb. 2009**	**9,231**	9.050	Feb. 2009	9,598
– fixed	**–**	**–**	**–**	8.625	Sept. 2001	20,000
– swap rate plus bank margin	**6.890**	**Oct. 2002**	**50,000**	6.890	Oct. 2002	50,000
– swap rate plus bank margin	**6.450**	**July 2002**	**49,000**	6.450	July 2002	49,000
Weighted average	**8.090**	**Mar. 2003**	**108,231**	7.550	Dec. 2002	128,598
Floating rate borrowings			**121,166**			137,839
Total borrowings			**229,397**			266,437
Deferred arrangement costs			**(1,484)**			(1,796)
			227,913			264,641

Floating rate borrowings bear interest at rates based on LIBOR.

19. **Financing and financial instruments** continued

Hedging

In addition to the fixed rates, borrowings are also hedged by the following financial instruments:

Instrument	Value £000	Rate %	Start	Expiry
Current				
– cap	49,000	6.000-6.500		July 2004
– collar	31,000	4.730-6.500		Jan. 2006
– floor	49,000	4.730		Jan. 2006
– collar	80,000	4.830-7.500		Jan. 2006
Future				
– collar	80,000	4.800-7.000	Jan. 2006	Sept. 2009

Gearing

	31.3.02 £000	Restated 31.3.01 £000
Total borrowings	**227,913**	264,641
Cash	**(75,514)**	(31,841)
Net borrowings	**152,399**	232,800
Net assets	**239,109**	234,830
Gearing	**64%**	99%

If the payment of the special dividend on 26 April 2002 were to be taken into account, the Group's gearing level at 31 March 2002 would have been 76%.

Fair value of financial assets and financial liabilities

	31.3.02		31.3.01	
	Book Value £m	**Fair Value £m**	Book Value £m	Fair Value £m
Borrowings	**229,383**	**230,256**	266,002	267,152
Interest rate swaps	**–**	**1,242**	–	825
Other financial instruments	**(223)**	**565**	(223)	1,051
	229,160	**232,063**	265,779	269,028

The fair value of financial assets and financial liabilities represents the mark to market valuations at 31 March 2002 and 31 March 2001. The adjustment to net assets from a recognition of these values, net of tax relief, would be to reduce diluted net asset value per share by 6p (2001: restated 7p).

20. Provision for liabilities and charges – deferred taxation

Deferred taxation provided for in the financial statements is set out below:

	Group		Company	
	31.3.02 £000	31.3.01 £000	**31.3.02 £000**	31.3.01 £000
Accelerated capital allowances	**5,822**	5,112	**69**	46
Other timing differences	**754**	745	**–**	25
	6,576	5,857	**69**	71
Less: – tax losses carried forward	**(5,684)**	(5,628)	**–**	(66)
– discount	**(164)**	(42)	**(13)**	(1)
Discounted provision for deferred tax	**728**	187	**56**	4

The Group has applied the provisions of FRS19 Deferred Tax, which requires that deferred tax be recognised as a liability or asset if the transactions or events that give the Group an obligation to pay more or less tax in the future have occurred by the balance sheet date. In accordance with FRS19, the Group makes full provision for timing differences other than revaluation gains and losses, which are primarily in respect of capital allowances on plant and machinery, industrial buildings allowances and tax losses.

The adoption of FRS19 has resulted in an adjustment to the balance sheet at 31 March 2001 of £187,000 representing the discounted value of the potential clawback of capital allowances, net of available tax losses, as at that date.

The amounts previously provided as at 31 March 2001 were nil.

Amounts unprovided are:

	Group		Company	
	31.3.02 £000	31.3.01 £000	**31.3.02 £000**	31.3.01 £000
Unrealised capital gains	**32,102**	29,970	**–**	–
	32,102	29,970	**–**	–

The amounts unprovided for as at 31 March 2001 have been restated to exclude those relating to accelerated capital allowances and other timing differences. The amounts previously unprovided as at 31 March 2001 were £25,923,000.

No provision has been made for taxation which would accrue if the investment properties were sold at their revalued amounts. The adjustment to net assets resulting from a recognition of these amounts would be to reduce diluted net asset value per share by 99p (2001: restated 93p).

21. Share capital

	31.3.02 £000	31.3.01 £000
Authorised		
– 688,954,752 (2001: 688,954,752) ordinary shares of 5p each	**34,448**	34,448
	34,448	34,448
Allotted, called up and fully paid		
Attributable to equity interests:		
– 29,913,476 (2001: 29,911,697) ordinary shares of 5p each	**1,496**	1,496
	1,496	1,496

Share options

At 31 March 2002 options over 2,489,221 (2001: 2,491,000) new ordinary shares in the Company and 1,491,939 (2001: 1,262,102) purchased shares held by the ESOP had been granted to directors and employees under the Company's share option schemes. During the year an option over 1,779 new shares with a nominal value of £89 was exercised. The increase in share premium account arising from this exercise was £7,783.

	Exercise price per share pence	Number of shares	Date from which exercisable	Expiry date of options
Senior Executive 1988 Share Option Scheme				
Subscription options				
Options granted:				
– 11 July 1997	412.5	365,000	11 July 2002	10 July 2007
– 29 September 1997	467.5	100,000	29 September 2002	28 September 2007
– 27 November 1997	452.5	394,000	27 November 2002	26 November 2007
Purchase options				
Options granted:				
– 27 November 1997	452.5	206,000	27 November 2001	26 November 2004
– 10 July 1998	565.0	400,000	10 July 2002	9 July 2005
Helical Bar 1999 Share Option Scheme				
Subscription options				
Options granted:				
– 8 March 1999	442.5	1,547,768	8 March 2004	7 March 2009
– 8 January 2001	780.0	30,000	8 January 2006	8 January 2011
Purchase options				
Options granted:				
– 8 March 1999	442.5	93,000	8 March 2004	7 March 2009
– 18 December 2000	750.0	529,000	18 December 2005	17 December 2010
– 8 January 2001	780.0	34,102	8 January 2006	7 January 2011
– 15 November 2001	766.5	229,837	15 November 2006	14 November 2011
Helical Bar 1999 Approved Share Option Scheme				
Subscription options				
Options granted:				
– 8 March 1999	442.5	52,453	8 March 2002	7 March 2009
		3,981,160		

22. Share premium and reserves

	Non-distributable			Distributable	
	Share premium account £000	Capital redemption reserve £000	Other reserves £000	Revaluation reserve £000	Profit & loss account £000
Group					
At 1 April 2001 as previously stated	35,264	7,101	291	128,468	67,611
Prior year adjustment	–	–	–	–	(7,079)
At 1 April 2001 – restated	35,264	7,101	291	128,468	60,532
Loss retained	–	–	–	–	(15,272)
Revaluation of investment property – subsidiaries	–	–	–	18,528	–
– joint ventures	–	–	–	1,477	–
Disposal of subsidiary	–	–	–	(444)	127
Minority interest in revaluation of investment property	–	–	–	(323)	–
Realised on disposals	–	–	–	(5,606)	5,606
Exercise of share options	7	–	–	–	–
At 31 March 2002	35,271	7,101	291	142,100	50,993
Company					
At 1 April 2001 as previously stated	35,264	7,101	1,987	–	93,777
Prior year adjustment	–	–	–	–	(4)
At 1 April 2001 – restated	35,264	7,101	1,987	–	93,773
Loss retained	–	–	–	–	(4,857)
Exercise of shares options	7	–	–	–	–
At 31 March 2002	35,271	7,101	1,987	–	88,916

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

	Year Ended 31.3.02 £000	Year Ended 31.3.01 £000
Operating profit	**34,098**	44,270
Depreciation of fixed assets	**267**	253
Release of provision	**(53)**	–
Loss on sale of fixed assets	**7**	16
Amortisation of goodwill	**52**	64
Dividends from associates	**179**	–
Profit on sale of investments	**–**	(1,144)
Decrease in debtors	**10,429**	20,770
Increase/(decrease) in creditors	**22,212**	(6,766)
Increase in stocks	**(1,557)**	(848)
Net cash inflow from operating activities	**65,634**	56,615

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

	Year Ended 31.3.02 £000	Year Ended 31.3.01 £000
Return on investments and servicing of finance		
Interest received	**2,632**	591
Interest paid	**(18,567)**	(20,881)
Minority interest dividends paid	**(127)**	(292)
	(16,062)	(20,582)
Taxation		
Tax received	**106**	397
Tax paid	**(5,073)**	(6,182)
	(4,967)	(5,785)
Capital expenditure and financial investment		
Purchase of property	**(30,816)**	(43,739)
Sale of property	**70,535**	26,967
Purchase of tangible fixed assets	**(76)**	(547)
Sale of tangible fixed assets	**525**	89
Purchase of investments	**(100)**	(6,327)
Sale of investments	**–**	6,778
	40,068	(16,779)

25. Management of liquid resources

	31.3.02 £000	31.3.01 £000
Increase in short-term deposits	**(20,285)**	(15,553)
	(20,285)	(15,553)

26. Analysis of net debt

	At 1.4.01 £000	Cash Flow £000	Other non cash changes £000	**At 31.3.02 £000**
Cash at bank and in hand	31,841	23,388	20,285	**75,514**
Bank overdraft	(9)	(6)	–	**(15)**
	31,832	23,382	20,285	**75,499**
Debt due within one year	(33,237)	29,936	–	**(3,301)**
Debt due after more than one year	(233,191)	7,110	–	**(226,081)**
Less: arrangement expenses	1,796	–	(312)	**1,484**
	(264,632)	37,046	(312)	**(227,898)**
Total	(232,800)	60,428	19,973	**(152,399)**

27. 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 £80m at 4.83% from January 2001 to January 2006, and on a further £80m at 4.73% from July 1999 to January 2006.

Other than these contingent liabilities and the deferred tax referred to in note 20 there were no contingent liabilities at 31 March 2002 (2001: nil).

28. Disposals

During the year, the Group disposed of its interest in Helical (TE) Limited, a property investment company. Group profits include £163,000 earned by Helical (TE) Limited up to its date of disposal on 17 July 2001.

	£000
Net assets disposed of were:	
Investment properties	22,360
Debtors	205
Intra-group loans	(22,069)
Trade creditors	(26)
Rental accrued, rent deposits and sinking fund	(412)
Taxation	(8)
Proceeds of sale	50
Disposal costs	(245)
Loss on sale of subsidiary	(195)

29. Capital commitments

At 31 March 2002 nil (2001: nil).

30. Related party transactions

At 31 March 2002 there is an amount due from Prescot Street Investments Ltd of £4,721,000 (2001: £4,684,000) and an amount due from Grosvenor Hill (Sprucefields) Ltd of £1,517,000 (2001: nil).

Ten Year Review

	31.3.02 £000	31.3.01 £000	31.3.00 £000	31.3.99 £000	31.3.98 £000	31.3.97* £000	31.1.96 £000	31.1.95 £000	31.1.94 £000	31.1.93 £000
Turnover	**136,632**	165,259	149,922	121,244	214,416	100,529	65,948	50,521	24,982	24,816
Rental income	**31,384**	28,642	26,656	21,482	22,009	22,374	19,186	16,294	12,118	13,810
Gross profit	**44,986**	56,301	43,482	39,004	38,775	29,284	21,697	16,475	12,713	16,895
Profit before taxation	**22,573**	25,824	22,020	20,044	18,494	12,033	9,200	8,187	6,578	5,882
Profit after taxation	**17,220**	20,353	20,501	16,392	14,436	9,032	7,892	7,655	6,049	5,632
Ordinary dividends	**32,328**	3,570	3,223	31,338	1,552	1,666	1,189	1,058	944	783
(Loss)/profit retained	**(15,272)**	16,657	17,201	(18,414)	7,811	3,564	3,666	3,785	3,451	3,951
Dividend per ordinary share	**13.75p**	12.50p	11.15p	10.0p	9.0p	8.0p	7.3p	6.5p	5.8p	4.8p
Special dividend per ordinary share	**100.0p**	–	–	100.0p	–	2.0p	–	–	–	–
Diluted earnings per ordinary share	**57.8p**	67.7p	68.9p	51.5p	40.3p	28.3p	26.6p	26.3p	24.3p	29.0p
Investment portfolio	**439,911**	453,607	419,570	332,457	250,718	201,570	180,765	156,579	118,690	120,048
Shareholders' funds	**237,252**	233,152	176,636	137,011	134,223	101,080	92,662	91,429	83,747	46,180
Diluted net assets per share	**766p**	754p	582p	459p	465p	372p	330p	326p	299p	224p

*The financial statements to 31 March 1997 were for a 14 month accounting period.

The financial statements for the years to 31 March 1998 and subsequently have been restated to reflect the impact of the adoption of FRS19 on Deferred Tax.

Corporate Governance Report

The Company is committed to applying the highest principles of corporate governance. The Board is accountable to the Company's shareholders for good corporate governance. This report and the Report on Remuneration describe how it complies with the provisions of the Combined Code.

Application of principles
The Company has applied the principles of good governance contained in the Combined Code appended to the Listing Rules of the Financial Services Authority.

Compliance
The Company has complied throughout the year with the Code provisions set out in Section 1 of the Combined Code except in respect of A2.1. Provision A2.1 of the Combined Code states that a non-executive director other than the chairman should be the senior non-executive director. The Board considers that, in this instance, the most appropriate person to act in this capacity is the Chairman of the Company and have, therefore, named John Southwell as the senior independent non-executive director.

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 three monthly and has a schedule of matters specifically reserved to it for decision. Management supplies the Board with 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. Training is available for new directors and other directors as necessary.

The Board consists of four executive directors who hold the key operational positions in the Company and three non-executive directors, who bring a breadth of experience and knowledge, and who all 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 of the Board is John Southwell and the Company's business is run by Michael Slade, the Managing Director. The Board members are described on page 20.

The Nomination Committee meets as required to select and recommend to the Board suitable candidates for both executive and non-executive appointments to the Board. It comprises John Southwell, Chairman of the Board, and the two other non-executive directors, Giles Weaver and Antony Beevor. All directors are subject to re-election every three years and, on appointment, at the first AGM after appointment.

The Board's report on remuneration is on pages 48 to 51. It sets out the Company's policy in detail and the full details of all elements in the remuneration package of each individual director.

Relations with shareholders
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. It therefore holds regular meetings with, and presentations to, its institutional shareholders to discuss objectives.

The AGM is used to communicate with private investors and they are encouraged to participate. The members of the Audit, Remuneration and Nomination Committees are available to answer questions. Separate resolutions are proposed on each issue so that they can be given proper consideration and there is a resolution to approve the annual report and accounts. 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.

The Company communicates with all shareholders through the issue of regular press releases and through its website at www.helical.co.uk. Shareholders may also keep informed of developments at the Company through the investor relations service at www.itruffle.co.uk.

Accountability and audit

The Board presents a balanced and understandable assessment of the Company's position and prospects in all interim and price-sensitive reports and reports to regulators as well as in the information required to be presented by statutory requirements.

The Audit Committee comprises Giles Weaver and Antony Beevor, both of whom are independent non-executive directors, and John Southwell, who is Chairman of the Board and senior non-executive director. The terms of reference of the Committee include keeping under review the scope and results of the external audit and its cost effectiveness. The Committee reviews 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. Such a system is designed to manage, but not eliminate, the risk of failure to achieve business objectives. There are inherent limitations in any control system and accordingly even the most effective system can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Board has considered the need for an internal audit function but has decided the size of the Company does not justify it at present. However, it will keep the decision under annual review.

In accordance with the guidance of the Turnbull Committee on Internal Control, an ongoing process has been established for identifying, evaluating and managing risks faced by the Company. This process has been in place for the full financial year end and up to the date the financial statements were approved. As part of this process the Board has identified key risks faced by the Company. The risks have been prioritised and a strategy has been set out to deal with them. These risks are considered regularly and papers on these areas are reviewed at Board meetings.

The key features of the Group's system of internal 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 control matter.

Report on Remuneration

Directors' remuneration
The Board recognises that directors' remuneration is of legitimate concern to the shareholders and is committed to following current best practice. The Company operates within a competitive environment and its performance depends on the individual contributions of the directors and employees.

The Remuneration Committee ("Committee") has responsibility for making recommendations to the Board to determine the Company's general policy on remuneration and also specific packages for individual directors. It carries out the policy on behalf of the Board and meets at least twice a year.

The membership of the Committee is as follows:

J.P. Southwell (Chairman)
C.G.H. Weaver
A.R. Beevor

All members are independent non-executive directors. 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.

Policy on executive directors' remuneration
Executive remuneration packages are designed to attract, motivate and retain directors of the calibre necessary to maintain the Group's position as a market leader and to reward them for enhancing shareholder value and return. The performance measurement of the executive directors and the determination of their annual remuneration package is undertaken by the Committee which consists solely of non-executive directors.

The remuneration packages of individual directors are structured so that the performance related elements form a significant proportion of the total and are designed to align their interests with those of the shareholders. Share options are designed so that they recognise the long-term growth of the Company. No director has a service contract of more than one year.

There are four main elements of their remuneration package:

i basic annual salary and benefits in kind;
ii annual bonus payments;
iii long-term incentives;
iv share option incentives.

Basic annual salary and benefits in kind
Basic annual salaries for executive directors are reviewed having regard to individual performance and market practice. Executive directors' basic salaries were last reviewed in September 1999. Benefits in kind provided to executive directors include the provision of a company car and health insurance.

Remuneration in respect of directors was as follows:

	Salary/ Fees £000	Benefits in kind £000	Cash bonuses £000	Incentive plan £000	**2002 Total £000**	2001 Total £000	Pensions **2002 Total £000**	Pensions 2001 Total £000
Chairman								
J. P. Southwell	45	15	–	–	**60**	58	**–**	–
Non-executive directors								
C.G.H. Weaver	25	–	–	–	**25**	25	**–**	–
A.R. Beevor	25	–	–	–	**25**	24	**–**	–
Former non-executive director								
I.G. Butler	–	–	–	–	**–**	23	**–**	–
Executive directors								
M.E. Slade	510	26	–	1,370	**1,906**	2,334	**2**	2
N.G. McNair Scott	190	18	–	456	**664**	808	**35**	35
G.A. Kaye	225	18	1,600	456	**2,299**	3,735	**–**	–
P.M. Brown	190	26	1,000	456	**1,672**	1,809	**–**	–
	1,210	103	2,600	2,738	**6,651**	8,816	**37**	37

The pension contributions were paid into a Small Self Administered Scheme. The assets of this money purchase scheme are administered by trustees in a fund independent from the assets of the Group.

Gerald Kaye was the highest paid director during the year with a total remuneration of £2,299,000. (2001: Gerald Kaye, including the profit on exercise of share options during the year, £3,735,000).

Annual bonus payments

The Committee establishes the objectives which must be met for annual cash bonuses to be paid.

Performance related cash bonuses, which recognise the relative success of the different parts of the business for which the executive directors are responsible, have been paid to Gerald Kaye, Development Director, and Michael Brown, Investment Director.

Long term incentive plan

At last year's AGM, the Company obtained shareholder approval to introduce a new Incentive Plan. This Incentive Plan is designed to align the long term motivations of the senior management team with the interests of shareholders and to link their remuneration to the performance of the Group's property portfolio. The Incentive Plan will operate over a five-year period and awards will vest annually subject to the achievement of similar challenging performance targets to those which applied under the previous Executive Bonus Scheme. Under the terms of the Incentive Plan awards will vest only if there is an increase in the net asset value of the Company and that increase is greater than that achieved by the upper quartile of the Investment Property Databank Index for capital growth of all properties, an ungeared benchmark. Awards are calculated in bands with the amount of the award increasing with the level of outperformance. Among other constraints, the Committee could restrict the awards if payment would affect the financial or trading position of the Group. The targets will be compared with the ungeared and geared performance of the Group's property portfolio. Awards will only vest if the Group's performance, geared and ungeared, is in the top quartile. For disclosure purposes the vesting value of awards has been included in remuneration.

Share options

The Company operated three share option schemes during the year.

The Senior Executive 1988 Share Option Schemes ceased to be able to grant options over new shares and shares held by the Helical Bar Employees Share Ownership Plan Trust on 7 June 2001. Share options granted in respect of this scheme are included in note 21. Under this scheme options only vest if the increase in the net asset value per share is greater than that achieved by the upper quantile of the Investment Property Databank index for capital growth of all funds over a five year period.

The Helical Bar 1999 Share Option Scheme received shareholder approval on 16 February 1999. Under this scheme the aggregate market value of shares issued or issuable to an individual under this and other option schemes may not exceed eight times his annual earnings. Share options granted in respect of this scheme are included in note 21.

The Helical Bar 1999 Approved Share Option Scheme also received shareholder approval on 16 February 1999 and Inland Revenue approval in March 1999. Under this scheme options up to a maximum value of £30,000 per individual may be granted, and options granted in respect of this scheme are included in note 21.

The performance criteria of the two 1999 schemes require total shareholder return over a set period to exceed a certain percentile of the aggregate performance of companies in the Property Sector Index of the FTSE All Share Index. For the approved scheme the relevant period is three years and the 50th percentile. For the unapproved scheme the relevant period is five years and 25th percentile.

The directors' interests in these Share Option Schemes during the year were as follows:

	Type	At Start of year	Options granted in year	At end of year	Exercise price	Date from which exercisable	Expiry date
M.E. Slade							
Senior Executive 1988 Share Option Scheme	Purchase	6,000	–	6,000	452.5p	27.11.01	26.11.04
Senior Executive 1988 Share Option Scheme	Purchase	400,000	–	400,000	565.0p	10.07.02	09.07.05
Senior Executive 1988 Share Option Scheme	Subscription	394,000	–	394,000	452.5p	27.11.02	26.11.07
Helical Bar 1999 Share Option Scheme	Subscription	493,221	–	493,221	442.5p	08.03.04	07.03.09
Helical Bar 1999 Share Option Scheme	Purchase	148,000	–	148,000	750.0p	18.12.05	17.12.10
Helical Bar Approved 1999 Share Option Scheme	Subscription	6,779	–	6,779	442.5p	08.03.02	07.03.09
		1,448,000	–	1,448,000			
N.G. McNair Scott							
Senior Executive 1988 Share Option Scheme	Purchase	50,000	–	50,000	452.5p	27.11.01	26.11.04
Helical Bar 1999 Share Option Scheme	Purchase	43,000	–	43,000	442.5p	08.03.04	07.03.09
Senior Executive 1988 Share Option Scheme	Subscription	250,000	–	250,000	412.5p	11.07.02	10.07.07
Helical Bar 1999 Share Option Scheme	Subscription	235,221	–	235,221	442.5p	08.03.04	07.03.09
Helical Bar 1999 Share Option Scheme	Purchase	72,000	–	72,000	750.0p	18.12.05	17.12.10
Helical Bar Approved 1999 Share Option Scheme	Subscription	6,779	–	6,779	442.5p	08.03.02	07.03.09
		657,000	–	657,000			
G.A. Kaye							
Helical Bar 1999 Share Option Scheme	Purchase	50,000	–	50,000	442.5p	08.03.04	07.03.09
Helical Bar 1999 Share Option Scheme	Subscription	393,221	–	393,221	442.5p	08.03.04	07.03.09
Helical Bar 1999 Share Option Scheme	Purchase	127,000	–	127,000	750.0p	18.12.05	17.12.10
Helical Bar 1999 Share Option Scheme	Purchase	–	129,419	129,419	766.5p	15.11.06	14.11.11
Helical Bar Approved 1999 Share Option Scheme	Subscription	6,779	–	6,779	442.5p	08.03.02	07.03.09
		577,000	129,419	706,419			
P.M. Brown							
Senior Executive 1988 Share Option Scheme	Purchase	100,000	–	100,000	452.5p	27.11.01	26.11.04
Senior Executive 1988 Share Option Scheme	Subscription	100,000	–	100,000	467.5p	29.09.02	28.09.07
Helical Bar 1999 Share Option Scheme	Subscription	293,221	–	293,221	442.5p	08.03.04	07.03.09
Helical Bar 1999 Share Option Scheme	Purchase	106,000	–	106,000	750.0p	18.12.05	17.12.10
Helical Bar 1999 Share Option Scheme	Purchase	–	100,418	100,418	766.5p	15.11.06	14.11.11
Helical Bar Approved 1999 Share Option Scheme	Subscription	6,779	–	6,779	442.5p	08.03.02	07.03.09
		606,000	100,418	706,418			

The market price of the ordinary shares at 31 March 2002 was 790.0p (2001: 742.5p). This market price varied between 690.0p and 887.5p during the year.

Special dividend
In order to compensate option holders for the payment of a special dividend or a distribution of capital, the Board has, under the terms of the Senior Executive 1988 Option Scheme and the Helical Bar 1999 Share Option Scheme ('the Schemes'), the authority to adjust the number of shares subject to option or the exercise price of those options.

The Company is currently unable to increase the number of shares under option as the maximum number permitted has been reached. Accordingly, the Board has considered an adjustment to the exercise price equal to the amount of the special dividend per share.

Such an adjustment would result in an increased national insurance cost to the Company. Accordingly, the Board has considered alternative ways of compensating option holders and, as a result, the Company is to establish a fund which will compensate holders of options at the time the special dividend was declared, on the dates they exercise their options by 100p a share, equivalent to the special dividend. At 31 March 2002 the amount provided for was nil. At the current share price the Company will benefit by a sum of £1.4m by using this route rather than reducing exercise prices.

Helical Bar Profit Sharing Scheme
The Helical Bar Profit Sharing Scheme is open to all employees and has operated since 1997. Under the terms of the scheme the Trustees purchase shares in the Company and allocate them to all employees in accordance with the rules of the scheme.

On 21 June 2001, under the rules of the Scheme 14,171 shares were allocated to directors and employees of the Company.

The shares allocated to the directors of the Company were as follows:

	On 21 June 2001 No. of shares	Price
M.E. Slade	919	870.0p
N.G. McNair Scott	919	870.0p
G.A. Kaye	919	870.0p
P.M. Brown	919	870.0p

Subject to the approval of shareholders at the AGM on 24 July 2002 the Company intends seeking Inland Revenue approval for a Share Incentive Plan ("Plan"). This Plan will replace the Helical Bar Profit Sharing Scheme which is unable to allocate any further shares to employees. Further details of the Plan may be found in resolution 9 of the Notice of Meeting of the AGM.

Service contracts
The service contracts of each of the executive directors noted in table B on page 22 have a one year notice period.

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

Non-executive directors
The remuneration of the non-executive directors is determined by the Board within the limits set out in the Articles of Association and was last increased in April 2000. Non-executive directors do not participate in any of the Company's share option schemes. Non-executive directors do not have a contract of service.

Financial Calendar

Year ended 31 March 2002	
Annual General Meeting to be held	24 July 2002
Final ordinary dividend payable	25 July 2002
Half year ending 30 September 2002	
Results and interim ordinary dividend announced	November 2002
Interim ordinary dividend payable	December 2002
Year ending 31 March 2003	
Results and final dividend announced	June 2003
Final ordinary dividend payable	July 2003

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