

# WYNNSTAY PROPERTIES PLC

COMPANY NO. 22473

CHAIRMAN'S STATEMENT  
DIRECTORS' REPORT  
and  
FINANCIAL STATEMENTS  
YEAR ENDED 25TH MARCH 1997

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**WYNNSTAY PROPERTIES PLC**

**DIRECTORS**

B.L. CANN, F.R.I.C.S.  
*(Chairman)*

M.L. CHEESMER, F.R.I.C.S.  
*(Managing Director)*

P.G.H. COLLINS, LL.B., B.C.L.

A.R. HARRIS, F.R.I.C.S.

P.R. KIRKLAND, F.C.A.  
*(Finance Director & Secretary)*

P.J.D. LANGRISHE, M.A.

I.S. LOCKHART, M.A.

**REGISTERED OFFICE**

Cleary Court,  
21 St. Swithin's Lane,  
London EC4N 8AD

**REGISTRARS**

**CORNHILL SECRETARIES LTD.**

1 Snow Hill,  
London EC1A 2EN

**AUDITORS**

**MOORE STEPHENS**  
St. Paul's House,  
8/12 Warwick Lane,  
London EC4P 4BN

**SOLICITORS**

**FIELD FISHER WATERHOUSE**

41 Vine Street,  
London EC3N 2AA

**NOMINATED ADVISER & NOMINATED BROKER**

**TEATHER & GREENWOOD**

12-20 Camomile Street,  
London EC3A 7NN

**BANKERS**

**C. HOARE & CO.**  
37 Fleet Street,  
London EC4P 4DQ

**THE UNITED BANK OF KUWAIT PLC**

7 Baker Street,  
London W1M 1AB

## NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the One Hundred and Eleventh ANNUAL GENERAL MEETING of the Members of Wynnstay Properties PLC will be held at The Royal Automobile Club, 89 Pall Mall, London SW1Y 5HS on Thursday, 24th July 1997, at 12.00 noon to transact the following business:

### ORDINARY BUSINESS

1. To adopt the Report of the Directors and the Financial Statements for the year ended 25th March 1997.
2. To re-elect as a Director, Brian Leonard Cann, who retires by rotation.
3. To elect as a Director, Peter Robert Kirkland (Appointed to the Board since the last Annual General Meeting of the Company).
4. To elect as a Director, Andrew Stuart Perloff (Notice having been received by the Company pursuant to Section 376 of the Companies Act 1985).
5. To fix the remuneration of the Directors.
6. To re-appoint Moore Stephens as Auditors for the ensuing year and authorise the Directors to determine their remuneration.
7. To transact any other Ordinary business.

A Member entitled to attend and vote at the Meeting may appoint a proxy or proxies to attend and on a poll to vote in his/her stead. The proxy need not be a Member of the Company. Proxies must be lodged at least forty-eight hours before the time appointed for the Meeting.

By Order of the Board,  
P.R. KIRKLAND  
*Secretary*



Registered Office:  
Cleary Court,  
21 St. Swithin's Lane,  
London EC4N 8AD

27th June 1997

# WYNNSTAY PROPERTIES PLC

## CHAIRMAN'S STATEMENT

There has been much recent publicity concerning the increase in demand for prime office accommodation particularly in the West End and City of London and also, nationally, for quality retail premises now there is clear evidence of increasing consumer spending coupled with an apparent willingness by Institutions to return to property investment. Whether this modest revival will continue is open to question but, at least the political uncertainties have now been resolved. It will be interesting to see if the upturn in the property cycle extends, in due course, to the secondary market.

I am very pleased to report that the Company has enjoyed a successful year with profit before tax and exceptional items having increased by 22.1%, from £255,959 to £312,440, the second half performance being particularly encouraging. This resulted from reduced borrowing costs and lower overheads, especially in regard to repairs and bad debts. Rents receivable for the year fell by just 0.8% compared with 1996, reflecting the failure as reported last year, of the tenant of the Shirley and Eastleigh shop premises. The exceptional profit of £42,402 represented the amount by which the sale proceeds of the Eastleigh property in October exceeded its book value.

The Directors are sufficiently optimistic in the light of these excellent results to declare a second interim dividend of 3.35p, to be paid on 1st July 1997, making a total of 5.0p per share (1996 - 4.5p). This is an increase of 11.1% over last year and is precisely double that paid four years ago, in 1993.

The Company benefited from consistently low interest rates throughout the year with net finance costs declining by £50,761. In this context I am able to advise that, at the Company's initiative, negotiations have taken place and agreement has been reached in principle with our Bankers to extend the Company's existing loan facilities until 2002 on significantly improved terms reflecting the current competitive climate.

Messrs. Chesterton revalued the investment portfolio as at 25th March 1997 and I am pleased to report that the net result showed a small increase over last year. In February this year, the Company re-invested the proceeds from the sale of the Eastleigh property in acquiring a modern retail unit in Hampshire let to a first-class covenant.

As will be seen in the Notes to the Financial Statements, it has been necessary to make a transfer between Reserves to correct the accounting treatment last year of the loss resulting from the sale of the Cheltenham property. The Directors have also decided that unrelieved Advance Corporation Tax (ACT) should be written off for accounting purposes to reflect the fact that the amount of £235,000 is unlikely to be relieved in the short term against mainstream Corporation Tax. It must be emphasised, however, that the availability of such ACT will not be prejudiced by this prudent accounting treatment and the unrelieved tax will have real value to Shareholders in reducing the Company's tax liability in future years. This write-off relates to amounts accumulated in earlier years and has therefore been reflected on the Balance Sheet as a prior year adjustment and the comparative figures for 1996 shown in the Financial Statements have been re-stated accordingly. As a consequence net asset value per share of 179 pence this year compares with 175 pence in 1996.

Due to ongoing planning complications, it has not been possible to conclude the anticipated sale of the development site at Colchester and consequently we are reviewing other possible options. Rippleside at Barking is a fragmented and highly management intensive industrial estate of 16 units, constructed forty years ago. The Board has, therefore, decided to market this property and to apply the proceeds in seeking to acquire better quality investments with greater growth potential. It is most encouraging to note that several offers already received exceed the most recent valuation. A major refurbishment of office premises in Colchester was completed following which two of the three suites previously vacated have been successfully re-let. Arrangements are in hand to market the retail premises at Shirley, currently let on a short term basis; an offer significantly in excess of book value was received last year but the prospective purchaser was unable to pursue the proposed re-development of which this property was to form an integral part.

Your Board will continue to pursue a policy of active management involving rationalisation and improvement of the portfolio and also to investigate suitable opportunities for the acquisition of, or merger with, another compatible company in order to achieve economies of scale, thereby maximising value for all Wynnstay's Shareholders.

As previously reported, valuable management time was expended and considerable costs incurred in fending off yet another unwelcome attempt by Panther Securities PLC to consolidate its position further when, as Shareholders may recall, within days of last year's Annual General Meeting, a tender offer was made by Panther seeking to increase its holding to 29.9% of the issued share capital.

The many Shareholders I have met or who have taken the trouble to write to me will be aware of your Board's determination not to yield to such opportunistic overtures and the Directors were therefore most encouraged by your overwhelming rejection of the derisory terms offered. Panther has since, nevertheless, succeeded in increasing its shareholding to 25.1%, due principally to the recent sale of 112,000 shares by the Executors of the late Miss Dickinson's estate. Considering her many years as a loyal and supportive Shareholder, this was surprising and, indeed, the Board feels sure that this was not the outcome she would have wished.

Set out in the Notice of Meeting is a Resolution requisitioned by Panther Securities PLC nominating Mr A.S. Perloff for election as a Director of your Company. The Directors are firmly of the view that the adversarial attitude shown by Mr Perloff at, and prior to, recent Annual General Meetings would result in serious discord were he to be elected a Director of your Board and thereby detrimental to the interests of other Shareholders.

Since Mr Perloff is Chairman of, and the largest Shareholder in, a competing property company, we are also most concerned as to the clear conflict of interest that would inevitably arise in such circumstances.

Shareholders should be aware that in the past Mr Perloff has adopted with other companies similar tactics to those he is now deploying against Wynnstay. Mr Perloff has claimed he can bring property experience to the Company. Three members of the Board between them have had many years of experience in property and, in the Board's view, no additional expertise is required. Were such to be considered desirable independent expertise could be brought in without any conflict of interest which would be for the benefit of all Shareholders.

**The Directors are convinced the appointment of Mr Perloff would not be in the best interests of Shareholders as a whole and, therefore, are unanimous in strongly recommending that you vote against this Resolution and intend to do so in respect of their own shareholdings.**

On the other hand, pursuant to the Company's Articles, Peter Kirkland will retire and offer himself for election as a Director and it is with the greatest pleasure that I commend Mr Kirkland to you. He has been a tower of strength since joining the Company in February 1995 and is entirely deserving of his appointment to the Board.

Now I must turn to the imminent departure of John Langrishe who, after some 37 years as a Director including 10 years as Chairman and, more recently as Company Secretary, is to retire from the Board at the A.G.M. The occasion is to be marked by a Board Dinner on the eve of his retirement. His has been a hard act to follow and I am sure you will all wish to join in paying tribute to his wise counsel and the immense contribution he has made to the prosperity and growth of the Company during his years at the helm. I wish John and Isabel the very best of good health and happiness in the years ahead.


As always, our Managing Director, Michael Cheesmer, together with Alan Domin and Gillian Wright who complete our small team, are deserving of warmest commendation and thanks for their considerable endeavours during the past year in sometimes difficult and uncertain circumstances.

It would be very much appreciated if any Shareholder wishing to raise specific questions concerning the Accounts would be good enough to do so, in writing please, prior to Wednesday 16th July, thereby enabling me to respond more fully.

I shall, of course, look forward to welcoming as many of you as possible to this year's Annual General Meeting to be held at The Royal Automobile Club on Thursday 24th July. **I am sure you will appreciate the importance of registering your vote concerning the various Resolutions under the Ordinary Business to be transacted and, whether or not you are able to attend in person, may I please request you to support your Board and spare the time to complete and return the enclosed post paid Form of Proxy at your earliest convenience.**

In conclusion, I would mention that provisional arrangements have been made for next year's Annual General Meeting to be held at the same venue on 23rd July 1998.

16th June 1997



B.L. CANN  
Chairman

## WYNNSTAY PROPERTIES PLC

### REPORT OF THE DIRECTORS 1997

The Directors present their One Hundred and Eleventh Annual Report, together with the audited Financial Statements of the Company and its subsidiaries for the year ended 25th March 1997.

#### Principal Activity

The principal activity of the Group during the year continued to be that of Property Owners, Developers and Managers.

#### Results and Dividends

A review of the business for the year is included in the Chairman's Statement on pages 4 and 5. The Financial Statements are set out on pages 10 to 21.

The profit for the year after taxation amounted to £274,628 (1996 – £325,793). Details of movements in reserves are set out in note 16 to the Financial Statements on pages 19 and 20.

The Directors have declared a second interim dividend of 3.35 pence per share for the year ended 25th March 1997 payable on 1st July 1997 to those Shareholders on the Register on 27th June 1997. This dividend, together with the first interim dividend of 1.65 pence paid on 16th December 1996, makes a total for the year of 5.0 pence (1996 – 4.5 pence). No final dividend is proposed.

#### Fixed Assets

The investment properties have been valued by Chesterton on the basis of open market value at 25th March 1997.

The movement in Fixed Assets is set out in Note 8 on Page 16.

#### Directors

The Directors holding office during the financial year under review, together with their beneficial interests in the ordinary share capital of the Company at 25th March 1997 and 25th March 1996 (or date of appointment if later) are shown below:-

		Ordinary Shares of 25p	
		25.3.97	25.3.96
B.L. Cann	Chairman	10,000	10,000
M.L. Cheesmer	Managing Director	15,250	15,250
P.G.H. Collins	Non-Executive	181,753	181,753
A.R. Harris	Non-Executive	10,000	10,000
P.R. Kirkland	Finance Director	2,800	—
(appointed 12th September 1996)			
P.J.D. Langrishe	Non-Executive	78,164	75,830
I.S. Lockhart	Non-Executive	10,000	10,000

In addition, Mr I.S. Lockhart held a non-beneficial interest in 59,760 shares at both the above dates.

There have been no changes in the above shareholdings since 25th March 1997 up to the date of this Report.

Mr M.L. Cheesmer holds an option to subscribe for 86,333 Ordinary Shares in the Company before 11th October 1999 at an exercise price of 180 pence per share.

Mr B.L. Cann has a service agreement with the Company subject to 12 months notice of termination which otherwise will expire on 31st August 2001. Mr M.L. Cheesmer has a service agreement with the Company expiring on 30th September 2000. Mr P.R. Kirkland has a service agreement with the Company expiring on 12th September 1999.

# WYNNSTAY PROPERTIES PLC

## REPORT OF THE DIRECTORS 1997 — (Cont'd)

### Directors – (Cont'd)

In accordance with the Company's Articles of Association, the two Directors retiring by rotation are Mr B.L. Cann who, being eligible, offers himself for re-election and Mr P.J.D. Langrishe who is not seeking re-election. Mr Kirkland who, having been appointed since the date of the last Annual General Meeting, also retires and, being eligible, offers himself for election.

### Directors' Responsibilities in respect of the preparation of 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 of the profit or loss of the Company for that period. In preparing those Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements.
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

### Directors' and Officers' Liability Insurance

The Company has maintained Directors' and Officers' insurance as permitted by Section 310 of the Companies Act 1985.

### Substantial Interests

To the date of this Report, the Directors have been notified or are aware of the following interests, which are in excess of three per cent of the issued Ordinary Share Capital of the Company:

	No. of Ordinary Shares of 25p	Percentage of issued Share Capital
Panther Securities PLC	793,448	25.15%
Mr H.J.A. Bird	217,000	6.88%
Mr P.G.H. Collins	181,753	5.76%

### Employees

Where appropriate, employees are informed on issues which are of interest to, or concern them. The Company's policy is to recruit and develop its employees on the basis of their suitability, experience and aptitude and regardless of sex, creed, race, nationality or disability.

### Payment to Suppliers

It is the Company's policy to pay suppliers according to agreed terms and conditions, provided that these are met. The Company does not have a standard or code which deals specifically with the payment of suppliers.

## WYNNSTAY PROPERTIES PLC

### REPORT OF THE DIRECTORS 1997 — (Cont'd)

#### Corporate Governance

The Company has considered the Code of Best Practice ("the Code") contained in the Report of the Cadbury Committee on the Financial Aspects of Corporate Governance and, following a review of the Company's procedures have, whenever possible, conducted the Company's business in accordance with the spirit of the recommendations.

The Company feels, however, that it is important to recognise that what may be appropriate for larger companies may not be appropriate for smaller companies and this point was made in the Cadbury Report. The Company has considered carefully the requirements of the Code and, in deciding the extent to which such recommendations may be implemented, such considerations have taken into account the cost of implementation. In view of the Company's present size a number of the Cadbury proposals would not be appropriate. The Board currently comprises seven Directors, only three of whom are executive Directors and in the circumstances it has been felt inappropriate to set up an Audit Committee.

It has not to date been considered necessary to reserve a specific schedule of matters for main Board decision, as all significant decisions are taken by the Board.

#### Remuneration Committee

The Board currently acts as the Remuneration Committee, the details of the Directors' emoluments being set out in the Financial Statements. It is the Company's policy that the remuneration of Directors should be commensurate with services provided by them to the Company.

#### Going Concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Financial Statements.

#### Internal Control

The Directors are responsible for the Group's system of internal financial control, which is designed to provide reasonable, but not absolute, assurance against material misstatement or loss. In fulfilling these responsibilities, the Board has reviewed the effectiveness of the system of internal financial control. The Directors have established procedures for planning and budgeting and for monitoring, on a regular basis, the performance of the Company.

#### Donations

The Company made no charitable or political donations during the year.

#### Notice of Election of Additional Director

The Company has received notice from Panther Securities PLC, pursuant to Section 376 of the Companies Act 1985, that a Resolution be included in the Notice of Meeting for the election of Mr Andrew Stuart Perloff as a Director of the Company.

#### Post Balance Sheet Event

Since the year end, the Company has redeemed at par the £821,489 of 8<sup>1</sup>/<sub>4</sub>% Convertible Unsecured Loan Stock 1992/97 outstanding at 25th March 1997.

#### Close Company

The Directors are of the opinion that the Company is not a close company within the terms of the Income and Corporation Taxes Act 1988.

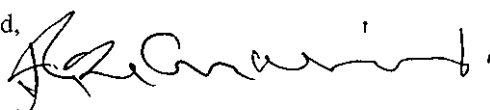
#### Auditors

On 1st January 1997 the Company's Auditors, C.T. Moore & Co., merged with Moore Stephens. Accordingly, Moore Stephens have signed these accounts. Moore Stephens are willing to continue in office and a resolution re-appointing them and authorising the Directors to determine their remuneration will be submitted to the Annual General Meeting.

#### Annual General Meeting

The Notice of the Annual General Meeting appears on page 3.

By Order of the Board,  
P.R. KIRKLAND  
Secretary



16th June 1997



## REPORT OF THE AUDITORS

### TO THE MEMBERS OF WYNNSTAY PROPERTIES PLC

We have audited the Financial Statements set out on Pages 10 to 21 which have been prepared under the historical cost convention as modified by the revaluation of certain Fixed Assets and the Accounting Policies set out on Page 14.

#### Respective Responsibilities of Directors and Auditors

As described on Page 7 the Company's Directors are responsible for the preparation of Financial Statements. It is our responsibility to form an independent opinion, based on our audit, on those Statements and to report our opinion to you.

#### Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the Financial Statements, and of whether the Accounting Policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

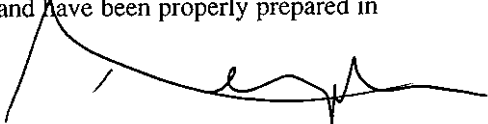
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity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

#### Opinion

In our opinion the Financial Statements give a true and fair view of the state of affairs of the Company and the Group as at 25th March 1997 and of the Group Profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

St. Paul's House,  
8/12 Warwick Lane,  
London EC4P 4BN

16th June 1997



Moore Stephens  
Chartered Accountants  
Registered Auditors

**WYNNSTAY PROPERTIES PLC**

**GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 25TH MARCH 1997**

	Notes	1997		1996	
		£	£	£	£
<b>Gross Rental Income</b>	1		1,493,204		1,505,278
<b>Fees and Commissions</b>			<u>25,548</u>		<u>22,173</u>
			1,518,752		1,527,451
<b>Property Outgoings</b>	2		<u>104,042</u>		<u>91,433</u>
			1,414,710		1,436,018
<b>Administration and Other Costs</b>	3		<u>393,373</u>		<u>420,401</u>
<b>Operating Profit</b>			<u>1,021,337</u>		<u>1,015,617</u>
<b>Finance Costs (Net)</b>	5		<u>708,897</u>		<u>759,658</u>
<b>Profit on Ordinary Activities before Exceptional Items and Taxation</b>			312,440		255,959
<b>Exceptional Items</b>	7		<u>42,402</u>		<u>117,037</u>
<b>Profit on Ordinary Activities before Taxation</b>			354,842		372,996
<b>Taxation on Profit from Ordinary Activities</b>	6		<u>80,214</u>		<u>47,203</u>
<b>Profit after Taxation Attributable to Ordinary Shareholders</b>			274,628		325,793
<b>Appropriations:-</b>					
Dividends per share					
Interim Paid:	1.65p 1996: 1.5p	52,061		47,329	
Second Interim payable (1996 Final):	<u>3.35p 1996: 3.0p</u>	<u>105,701</u>		<u>94,658</u>	
<b>Total:</b>	<u>5.0p 4.5p</u>		<u>157,762</u>		<u>141,987</u>
<b>Retained Profit for the Financial Year</b>					
Wynnstay Properties PLC		561,318		35,429	
Subsidiary Companies		<u>(444,452)</u>		<u>148,377</u>	
			<u>£116,866</u>		<u>£183,806</u>
<b>Earnings per share</b>			8.7p		10.3p
being profit for the year on Ordinary Activities, after Taxation, divided by the number of Ordinary Shares in issue					
<b>Statement of Total Recognised Gains and Losses</b>					
			<b>1997</b>		<b>1996</b>
Profit for the Financial Year after Taxation			274,628		325,793
Surplus (Deficit) on revaluation of Investment Properties			<u>12,037</u>		<u>(302,037)</u>
<b>Total Recognised Gains and Losses for the Year</b>			<u>£286,665</u>		<u>£23,756</u>

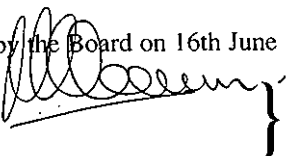
WYNNSTAY PROPERTIES PLC

GROUP BALANCE SHEET AT 25TH MARCH 1997

	Notes	1997		1996 (as restated)	
		£	£	£	£
<b>Fixed Assets</b>					
Tangible Assets	8		14,001,952		13,810,624
<b>Investments</b>	10		<u>47,352</u>		<u>45,649</u>
			14,049,304		13,856,273
<b>Current Assets</b>					
Trading Properties at Directors' Valuation		570,000		570,000	
Debtors	11	238,959		380,761	
Cash at Bank and in Hand		<u>663,303</u>		<u>295,197</u>	
		1,472,262		1,245,958	
<b>Creditors: Amounts falling due within one year</b>	12	<u>(1,532,886)</u>		<u>(546,165)</u>	
<b>Net Current (Liabilities)/Assets</b>			<u>(60,624)</u>		<u>699,793</u>
<b>Total Assets Less Current Liabilities</b>			13,988,680		14,556,066
<b>Creditors: Amounts falling due after more than one year</b>	13		<u>(8,338,590)</u>		<u>(9,034,879)</u>
			5,650,090		5,521,187
<b>Provision for Liabilities and Charges</b>					
Deferred Taxation	14		—		—
<b>Net Assets</b>			<u>£5,650,090</u>		<u>£5,521,187</u>
<b>Capital and Reserves</b>					
<b>Share Capital</b>	15		788,817		788,817
<b>Reserves</b>	16				
Capital Redemption Reserve		204,528		204,528	
Share Premium Account		1,135,249		1,135,249	
Capital Reserve		151,400		151,400	
Investment Revaluation Reserve		<u>3,189,493</u>		<u>2,414,772</u>	
<b>Non-distributable Reserves</b>			4,680,670		3,905,949
General Reserve		—		645,140	
Profit and Loss Account		<u>180,603</u>		<u>181,281</u>	
<b>Distributable Reserves</b>			180,603		826,421
<b>Equity Shareholders' Funds</b>	17		<u>£5,650,090</u>		<u>£5,521,187</u>

Approved by the Board on 16th June 1997

B.L. Cann



Directors

M. L. Cheesmer




WYNNSTAY PROPERTIES PLC

BALANCE SHEET AT 25TH MARCH 1997

	Notes	1997		1996 (as restated)	
		£	£	£	£
<b>Fixed Assets</b>					
Tangible Assets	8		11,476,952		11,168,124
Investment in Subsidiaries	9		2,406,510		2,406,510
Quoted Investments	10		650		650
			<u>13,884,112</u>		<u>13,575,284</u>
<b>Current Assets</b>					
Debtors	11	1,366,049		1,576,357	
Cash at Bank and in Hand		<u>663,303</u>		<u>294,777</u>	
		2,029,352		<u>1,871,134</u>	
<b>Creditors: Amounts falling due within one year</b>	12	<u>(2,944,035)</u>		<u>(2,469,402)</u>	
<b>Net Current Liabilities</b>			<u>(914,683)</u>		<u>(598,268)</u>
<b>Total Assets Less Current Liabilities</b>			12,969,429		12,977,016
<b>Creditors: Amounts falling due after more than one year</b>	13		<u>(8,338,590)</u>		<u>(9,034,879)</u>
			4,630,839		3,942,137
<b>Provision for Liabilities and Charges</b>					
Deferred Taxation	14		—		—
<b>Net Assets</b>			<u>£4,630,839</u>		<u>£3,942,137</u>
<b>Capital and Reserves</b>					
<b>Share Capital</b>	15		788,817		788,817
<b>Reserves</b>	16				
Capital Redemption Reserve		204,528		204,528	
Share Premium Account		1,135,249		1,135,249	
Capital Reserve		82,160		82,160	
Investment Revaluation Reserve		<u>1,893,304</u>		<u>1,003,236</u>	
Non-distributable Reserves			3,315,241		2,425,173
General Reserve		—		118,607	
Profit and Loss Account		<u>526,781</u>		<u>609,540</u>	
Distributable Reserves			<u>526,781</u>		<u>728,147</u>
			<u>£4,630,839</u>		<u>£3,942,137</u>

Approved by the Board on 16th June 1997

B.L. Cann  Directors

M. L. Cheesmer 

WYNNSTAY PROPERTIES PLC

CONSOLIDATED CASH FLOW STATEMENT FOR THE  
YEAR ENDED 25TH MARCH 1997

	Notes	1997		1996	
		£	£	£	£
<b>Cash Flow from Operating Activities</b>	20		1,266,156		756,708
<b>Returns on Investment and Servicing of Finance</b>					
Dividends Received		1,922		15,614	
Interest Received		36,428		7,944	
Interest Paid		(750,709)		(783,216)	
<b>Net Cash (Outflow) from returns on Investment and Servicing of Finance</b>			(712,359)		(759,658)
<b>Taxation</b>			(11,924)		(10,890)
<b>Capital Expenditure and Financial Investment</b>					
Purchase of Tangible Fixed Assets		(543,740)		(536,738)	
Disposal of Tangible Fixed Assets		392,402		337,475	
Purchase of Sinking Fund Policy Premium		(910)		(910)	
Disposal of Quoted Investments		—		259,698	
<b>Net Cash (Outflow)/Inflow from Investing Activities</b>			(152,248)		59,525
Equity Dividends Paid			(146,719)		(126,211)
<b>Net Cash Inflow/(Outflow) before Financing</b>			242,906		(80,526)
<b>Financing</b>					
Bank Loan Drawn Down			125,200		481,674
<b>Increase in Cash in the Period</b>			<u>£368,106</u>		<u>£401,148</u>
<b>Reconciliation of Net Cash Flow to Movement in Net Debt</b>					
Increase in Cash in the Period			368,106		401,148
Cash Outflow from Increase in Debt Financing			(125,200)		(481,674)
<b>Movement in Net Debt in the Period</b>			242,906		(80,526)
<b>Net Debt at 25th March 1996</b>			<u>(8,739,682)</u>		<u>(8,659,156)</u>
<b>Net Debt at 25th March 1997</b>	20		<u>£(8,496,776)</u>		<u>£(8,739,682)</u>

# WYNNSTAY PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 1997

### 1. ACCOUNTING POLICIES

Events relating to the year ended 25th March 1997 which occurred before the date of approval of the Financial Statements by the Board of Directors, have been included to the extent required by Standard Accounting Practice.

#### **Basis of Consolidation**

The Group Financial Statements include the audited Financial Statements of the Company and all Subsidiaries. These have been prepared under the historical cost convention as modified by the revaluation of investment properties and applicable Accounting Standards.

#### **Depreciation**

In accordance with Standard Accounting Practice, Group Properties are revalued annually and the aggregate surplus or deficit taken to an Investment Revaluation Reserve. No depreciation or amortisation is provided in respect of Freehold and Leasehold Investment Properties with over 20 years to run. The short Leasehold Properties are being amortised over the period of the Leases.

Depreciation of other Fixed Assets is on a straight line basis calculated at annual rates estimated to write off each asset over their estimated useful lives of between 5-10 years.

#### **Gains on Investments**

The Gains on disposal of Investment Properties and other investments are shown in the Profit and Loss Account as Exceptional Items.

#### **Gross Rental Income**

Gross rental income represents the accrued charges for rental of the Group's Properties and is stated net of Value Added Tax. All income is derived in the United Kingdom.

#### **Trading Properties**

These are included at the lower of cost or net realisable value. The Directors are of the opinion the net realisable value would be not less than that shown in the Group Balance Sheet of £570,000.

#### **Repairs and Renewals**

Repairs and Renewals are charged to revenue in the year in which the expenditure is incurred.

#### **Deferred Taxation**

This represents Taxation deferred calculated by the liability method at current rates of tax in respect of:-

- (a) The Capital Gain that would arise were the Property investments disposed of at the valuation shown.
- (b) The potential balancing charges on Industrial Buildings Allowance where the Directors do not preclude a sale within the exemption time limit.
- (c) Timing Differences.

In accordance with SSAP8 the Balance on the Deferred Taxation account has been written off for accounting purposes against Advance Corporation Tax recoverable, resulting in a prior year adjustment of £235,000 as more fully described in Notes 14 and 19.

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 1997

2. PROPERTY OUTGOINGS AND PROVISIONS	1997	1996
Ground Rents	1,602	1,602
Repairs, Insurance, Rates, etc	55,160	44,042
Property Management	47,280	45,789
	<u>£104,042</u>	<u>£91,433</u>
<b>3. ADMINISTRATION AND OTHER COSTS</b>		
General Administration	179,234	204,077
Auditors' Remuneration: Audit	22,150	22,150
Other	13,050	14,050
Directors' Emoluments: Fees	37,535	36,325
Executive Salaries	111,797	82,987
Pension scheme contributions	6,685	5,375
Pension payable to a Director	3,910	3,807
Provision for Bad Debts	5,356	38,039
Depreciation and Amortisation	13,656	13,591
	<u>£393,373</u>	<u>£420,401</u>
<b>4. EMOLUMENTS OF THE DIRECTORS OF THE COMPANY</b> (Excluding pension scheme contributions)		
Chairman	£30,200	£27,000
Highest Paid Director	£67,038	£65,567
Number of Other Directors receiving:		
£0 - £5,000	—	1
£5,001 - £10,000	3	3
£10,001 - £15,000	1	—
£15,001 - £20,000	—	1
£25,001 - £30,000	1	—
Staff costs, including Directors, during the year were as follows:		
Wages and Salaries	207,428	199,225
Social Security Costs	19,136	17,123
Other Pension Costs	6,685	5,375
	<u>£233,249</u>	<u>£221,723</u>
The average number of employees including Directors engaged wholly in management and administration		
	9	10
<b>5. FINANCE COSTS (NET)</b>		
Principal repayable within five years		
8 <sup>1</sup> / <sub>4</sub> % Convertible Unsecured Loan Stock	67,773	67,773
Banks and Other	681,931	715,443
Total Interest Payable	749,704	783,216
Less Investment Income		
Quoted Shares	(1,922)	(15,614)
Sundry Interest	(38,885)	(7,944)
Net Costs of Finance	<u>£708,897</u>	<u>£759,658</u>

**WYNNSTAY PROPERTIES PLC**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 25TH MARCH 1997

	1997	1996		
<b>6. TAXATION</b>				
Corporation Tax on profit on ordinary activities	79,830	47,061		
Provisions no longer required	—	(4,400)		
Dividends, Tax Credits	384	3,116		
Deferred Taxation	—	1,426		
	<u>£80,214</u>	<u>£47,203</u>		
<b>7. EXCEPTIONAL ITEMS</b>				
Profit/(Loss) on-disposal of Investment Property	42,402	(37,525)		
Profit on sale of Quoted Investments	—	154,562		
	<u>£42,402</u>	<u>£117,037</u>		
<b>8. TANGIBLE FIXED ASSETS</b>	<b>Freehold Land and Buildings</b>	<b>Leasehold Land and Buildings</b>	<b>Plant and Machinery Cost</b>	<b>Total</b>
<b>Group</b>				
Valuation, 25th March 1996	13,737,500	36,607	56,949	13,831,056
Additions	542,616	—	1,124	543,740
Disposals	(350,000)	—	—	(350,000)
	<u>£13,930,116</u>	<u>£36,607</u>	<u>£58,073</u>	<u>£14,024,796</u>
Depreciation, 25th March 1996	—	1,632	18,800	20,432
Charge for Year	—	3,786	10,663	14,449
Disposals	—	—	—	—
	<u>£ —</u>	<u>£ 5,418</u>	<u>£29,463</u>	<u>£34,881</u>
25th March 1997				
Net Book Values	13,930,116	31,189	28,610	13,989,915
Surplus	9,884	2,153	—	12,037
Valuation	<u>£13,940,000</u>	<u>£33,342</u>	<u>£28,610</u>	<u>£14,001,952</u>
25th March 1996				
Net Book Values	14,041,674	32,838	38,149	14,112,661
(Deficiency)/Surplus	(304,174)	2,137	—	(302,037)
Valuation	<u>£13,737,500</u>	<u>£34,975</u>	<u>£38,149</u>	<u>£13,810,624</u>
<b>Company</b>				
Valuation, 25th March 1996	11,105,000	26,607	56,949	11,188,556
Additions	542,616	—	1,124	543,740
Disposals	(350,000)	—	—	(350,000)
	<u>£11,297,616</u>	<u>£26,607</u>	<u>£58,073</u>	<u>£11,382,296</u>
Depreciation, 25th March 1996	—	1,632	18,800	20,432
Charge for Year	—	1,633	10,663	12,296
Disposals	—	—	—	—
	<u>£ —</u>	<u>£ 3,265</u>	<u>£29,463</u>	<u>£32,728</u>
25th March 1997				
Net Book Values	11,297,616	23,342	28,610	11,349,568
Surplus	127,384	—	—	127,384
Valuation	<u>£11,425,000</u>	<u>£23,342</u>	<u>£28,610</u>	<u>£11,476,952</u>
25th March 1996				
Net Book Values	11,276,674	24,975	38,149	11,339,798
(Deficiency)	(171,674)	—	—	(171,674)
Valuation	<u>£11,105,000</u>	<u>£24,975</u>	<u>£38,149</u>	<u>£11,168,124</u>



## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 1997

#### 8. TANGIBLE FIXED ASSETS – (Cont'd)

The Group's freehold land and buildings were valued, at 25th March 1997, on an open market value basis, by Chesterton, at £13,940,000.

Freehold and leasehold land and buildings would have been shown at an historical cost of £10,048,055 and £26,134 respectively (1996: £9,939,241 and £26,134 respectively) if revaluations had not been undertaken.

	Group	
	1997	1996
<b>Amortisation, Leasehold Property</b>		
Charge as per Revenue Account	1,360	1,360
Increase in surrender value of Sinking Fund		
Policy in excess of premiums paid	<u>793</u>	<u>777</u>
	<u>£2,153</u>	<u>£2,137</u>
Leasehold Land & Buildings comprise two short leases expiring in October 2001 and November 2011		
<b>Capital Commitments</b>	<u>£ —</u>	<u>£ —</u>

#### 9. INVESTMENT IN SUBSIDIARIES

	Company	
	1997	1996
Shares at Cost, 25th March 1996 and 1997	<u>£2,406,510</u>	<u>£2,406,510</u>

	Group		Company	
	1997	1996	1997	1996
<b>10. INVESTMENTS</b>				
Quoted	650	650	650	650
Unquoted: Sinking Fund Policy	<u>46,702</u>	<u>44,999</u>	<u>—</u>	<u>—</u>
	<u>£47,352</u>	<u>£45,649</u>	<u>£650</u>	<u>£650</u>

The Market Values of Quoted Investments as at 25th March 1997 was £875 (1996: £650).

The Sinking Fund Policy has been maintained at the surrender value at the Balance Sheet Date.

	Group		Company	
	1997	1996	1997	1996
<b>11. DEBTORS</b>				
Amounts falling due within one year:				
Due from Subsidiary Companies	—	—	1,208,130	1,198,197
Other Debtors	228,363	363,433	147,409	363,433
Prepayments	<u>10,596</u>	<u>17,328</u>	<u>10,510</u>	<u>14,727</u>
	<u>£238,959</u>	<u>£380,761</u>	<u>£1,366,049</u>	<u>£1,576,357</u>

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 1997

12. CREDITORS	Group		Company	
	1997	1996	1997	1996
Amounts falling due within one year:				
8 <sup>1</sup> / <sub>4</sub> % Convertible Unsecured Loan 1992/97	821,489	—	821,489	—
Due to Subsidiary Companies	—	—	1,633,303	2,022,705
Other Creditors	1,659	1,290	1,290	1,290
Current Corporation Tax	107,160	47,061	26,425	—
Other Taxation and Social Security Costs	75,794	131,472	71,958	127,286
Dividend Payable	105,701	94,658	105,701	94,658
Accruals and Deferred Income	421,083	271,684	283,869	223,463
	<u>£1,532,886</u>	<u>£546,165</u>	<u>£2,944,035</u>	<u>£2,469,402</u>

The 8<sup>1</sup>/<sub>4</sub>% Convertible Unsecured Loan Stock 1992/97 was fully redeemed on 26th March 1997.

13. CREDITORS	Group		Company	
	1997	1996	1997	1996
Amounts falling due after more than one year secured on Freehold Land and Buildings:				
Mortgage Loans				
Repayable: By 1998	4,500,000	4,500,000	4,500,000	4,500,000
By 1999	3,838,590	3,713,390	3,838,590	3,713,390
8 <sup>1</sup> / <sub>4</sub> % Convertible Unsecured Loan Stock 1992/97	—	821,489	—	821,489
	<u>£8,338,590</u>	<u>£9,034,879</u>	<u>£8,338,590</u>	<u>£9,034,879</u>

Interest is charged at varying rates above LIBOR on the mortgage loans which fall due for repayment on 30th September 1998 and 5th October 1999 respectively.

14. DEFERRED TAXATION	Group		Company	
	1997	1996	1997	1996
Investment Revaluation Reserve	—	—	—	—
I.B.A. utilised	—	69,259	—	68,883
Written off as a prior year adjustment against ACT balance	—	(69,259)	—	(68,883)
	<u>£ —</u>	<u>£ —</u>	<u>£ —</u>	<u>£ —</u>

At 25th March 1997 the Group has existing available capital losses, net of potential capital gains arising from the revaluation surplus on freehold properties, of approximately £385,000.

In addition there is a balance of ACT written off for accounting purposes, net of deferred tax, arising from Industrial Building Allowances as set out above of approximately £283,000 (see note 19).

15. SHARE CAPITAL	Group		Company	
	1997	1996	1997	1996
Ordinary Shares of 25p each:				
Authorised	<u>£2,000,000</u>	<u>£2,000,000</u>	<u>£2,000,000</u>	<u>£2,000,000</u>
Allotted	<u>£788,817</u>	<u>£788,817</u>	<u>£788,817</u>	<u>£788,817</u>

All shares rank equally in respect of all Shareholder rights.

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 25TH MARCH 1997

16. RESERVES – GROUP	Capital Redemption Reserve	Share Premium Account	Capital Reserve	Investment Revaluation Reserve	Total
<b>Non-Distributable</b>					
Balance at 26th March 1996	204,528	1,135,249	151,400	2,414,772	3,905,949
Revaluation during year	—	—	—	12,037	12,037
Transfer between Revaluation Reserve and Profit and Loss Account					
– 1997	—	—	—	83,802	83,802
– Prior year	—	—	—	678,882	678,882
Balance at 25th March 1997	<u>£204,528</u>	<u>£1,135,249</u>	<u>£151,400</u>	<u>£3,189,493</u>	<u>£4,680,670</u>
			General Reserve	Profit and Loss Account	Total
<b>Distributable</b>					
Balance as disclosed at 26th March 1996			645,140	416,281	1,061,421
Prior year adjustment (note 19)			—	(235,000)	(235,000)
Balance as restated			<u>645,140</u>	<u>181,281</u>	<u>826,421</u>
Retained profit for the year			—	116,866	116,866
Transfers between Revaluation Reserve and Profit and Loss Account					
– 1997			—	(83,802)	(83,802)
– Prior year			—	(678,882)	(678,882)
Other transfers			(645,140)	645,140	—
Balance at 25th March 1997			<u>£ —</u>	<u>£180,603</u>	<u>£180,603</u>
<b>16. RESERVES – COMPANY</b>					
	Capital Redemption Reserve	Share Premium Account	Capital Reserve	Investment Revaluation Reserve	Total
<b>Non-Distributable</b>					
Balance at 26th March 1996	204,528	1,135,249	82,160	1,003,236	2,425,173
Revaluation during year	—	—	—	127,384	127,384
Transfers between Revaluation Reserve and Profit and Loss Account					
– 1997	—	—	—	83,802	83,802
– Prior year	—	—	—	678,882	678,882
Balance at 25th March 1997	<u>£204,528</u>	<u>£1,135,249</u>	<u>£82,160</u>	<u>£1,893,304</u>	<u>£3,315,241</u>

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 1997

16. RESERVES – COMPANY – (Cont'd)	General Reserve	Profit and Loss Account	Total
<b>Distributable</b>			
Balance at 26th March 1996	118,607	844,916	963,523
Prior year adjustment (note 19)	—	(235,376)	(235,376)
Balance as restated	<u>118,607</u>	<u>609,540</u>	<u>728,147</u>
Retained profit for the year	—	561,318	561,318
Transfer between Revaluation Reserve and Profit and Loss Account			
– 1997	—	(83,802)	(83,802)
– Prior year	—	(678,882)	(678,882)
Other transfers	<u>(118,607)</u>	<u>118,607</u>	<u>—</u>
Balance at 25th March 1997	<u>£ —</u>	<u>£ 526,781</u>	<u>£ 526,781</u>

### 17. RECONCILIATION OF MOVEMENT OF SHAREHOLDERS' FUNDS

	1997	Group 1996
Profit for the Financial Year after Taxation	274,628	325,793
Dividends Paid and Payable	(157,762)	(141,987)
Surplus/(Deficiency) on revaluation of Investment Properties	12,037	(302,037)
Fair value of assets acquired over shares issued at a premium	—	(1,586)
Net Addition/(Reduction) to Shareholders' Funds	<u>128,903</u>	<u>(119,817)</u>
Opening Shareholders' Funds 25th March 1996	5,521,187	5,641,004
Closing Shareholders' Funds 25th March 1997	<u>£5,650,090</u>	<u>£5,521,187</u>

### 18. SUBSIDIARY COMPANIES

	Class of Shares	Percentage Held
Wynnstay Developments Ltd.	Ordinary	100%
William Wheeler (Properties) Ltd. (Shares held by Wynnstay Developments Ltd.)	Ordinary	100%
York Road (Bognor) Property Co. Ltd.	Ordinary	100%
Ripple Properties Ltd.	Ordinary	100%
Wynnstay Management Services Ltd.	Ordinary	100%
Marfield Estates Ltd. (Dormant)	Ordinary	100%

All the above subsidiary companies are incorporated in England and are engaged in property investment, management or development.

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 1997

#### 19. PRIOR YEAR ADJUSTMENT

The Company has accumulated Advance Corporation Tax (ACT) payable on dividends and a deemed distribution. This was previously included as a debtor on the basis that utilisation of the tax paid against mainstream Corporation Tax otherwise payable was anticipated in the foreseeable future.

The anticipated full utilisation of the ACT has not materialised and the Company has therefore decided to write off the amount of £235,000 through Reserves as a prior year adjustment.

It is emphasised that for taxation purposes such ACT now written off together with earlier ACT written off of £48,638, remains available to be carried forward for relief against future mainstream Corporation Tax when the ACT so utilised would be written back to the credit of the distributable reserves.

#### 20. CONSOLIDATED CASH FLOW STATEMENT

##### (i) Reconciliation of Operating Profit to Net

Cash Inflow from Operating Activities	1997	1996
Operating profit	1,021,337	1,015,617
Depreciation	13,656	13,591
Decrease/(Increase) in Debtors	136,067	(253,273)
Increase/(Decrease) in Creditors	95,096	(19,227)
	<u>£1,266,156</u>	<u>£756,708</u>

##### (ii) Analysis of Net Debt

	26th March 1996	Cash Movement	Non-Cash Movement	25th March 1997
Cash at Bank and in Hand	295,197	368,106	—	663,303
Debt due after more than one year	(9,034,879)	(125,200)	821,489	(8,338,590)
Debt due within one year	—	—	(821,489)	(821,489)
	<u>£(8,739,682)</u>	<u>£242,906</u>	<u>—</u>	<u>£(8,496,776)</u>

#### 21. COMMITMENTS UNDER OPERATING LEASES

The Company has a rental commitment of £23,800 per annum on a property lease expiring after more than five years.

**WYNNSTAY PROPERTIES PLC**

**FIVE YEAR FINANCIAL REVIEW**

<b>Years Ended 25th March</b>	<b>1997</b>	<b>1996</b>	<b>1995</b>	<b>1994</b>	<b>1993</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>PROFIT AND LOSS ACCOUNT</b>					
Property Income	1,518,752	1,527,451	1,283,728	1,074,528	1,024,523
Profit before Taxation and Exceptional Items	312,440	255,959	241,298	71,802	75,012
Profit before Taxation	354,842	372,996	247,304	72,467	75,012
Profit after Taxation	274,628	325,793	228,222	64,306	54,232
Dividends	157,762	141,987	126,211	92,007	76,672
<b>GROUP BALANCE SHEET</b>					
Investment Properties	13,950,000	13,747,500	13,945,000	11,285,000	10,615,000
Shareholders' Funds (Note 1)	5,650,090	5,521,187	5,876,004	6,338,127	5,693,310
<b>PER SHARE</b>					
Earnings (Note 2)	8.7p	10.3p	7.2p	2.10p	1.77p
Dividends	5.0p	4.5p	4.0p	3.0p	2.5p
Net Asset Value (Note 1)	179p	175p	186p	207p	186p

**Notes**

1. Shareholders' Funds and Net Asset Value for 1996 have been re-stated to reflect prior year adjustments.
2. Earnings per Share have been calculated by dividing Profit on Ordinary Activities after Taxation by the number of shares in issue at the financial year end.