

# WYNNSTAY PROPERTIES PLC

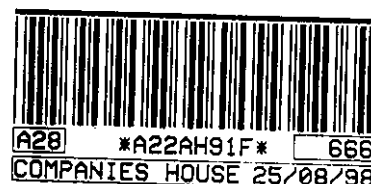
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CHAIRMAN'S STATEMENT  
REPORT OF THE DIRECTORS  
and  
FINANCIAL STATEMENTS  
YEAR ENDED 25TH MARCH 1998

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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)*

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

## WYNNSTAY PROPERTIES PLC

### BIOGRAPHIES OF THE DIRECTORS

**Brian L. Cann (Chairman)** aged 66, is a Chartered Surveyor and has spent his entire career in property, including eight years with F.W. Woolworth followed by eleven years as a Director of Artagen Properties. More recently he was Managing Director of St. Martins Property Corporation where he was involved in high profile developments in the U.K., Europe and Australia. His non-executive roles have included the Chairmanship of Royal Opera House Developments. He is a past President of the British Property Federation and was appointed Chairman of Wynnstay Properties in 1991.

**Michael L. Cheesmer (Managing Director)** aged 57, is a Chartered Surveyor with thirty-nine years experience in the property sector. Following a period in private practice and as Principal Valuer with Kent County Council, he spent eight years with Blue Circle Industries as Southern Regional Estates Surveyor and four years subsequently with National Bus Company, appointed to head its property division. He joined Wynnstay Properties as Managing Director in July 1986.

**Philip G.H. Collins (Non-Executive)** aged 50, is a Solicitor and a Partner in an international firm based in the City. After practising for some years in the corporate and commercial field, he was seconded for a period to work as Chief Legal Adviser in an industrial group. For the last twenty years he has specialised in advising multinational corporations in European Community law, with particular emphasis on competition issues. Appointed a Director of Wynnstay Properties in 1988.

**Anthony R. Harris (Non-Executive)** aged 62, is a Chartered Surveyor. After commencing his career with London County Council, he subsequently spent three years with Montagu Evans & Son, specialising in valuation and town planning. He commenced practice on his own account in 1966, acquiring Rogers Chapman in 1978 where he is currently non-executive Chairman. Until recently he was on the R.I.C.S. Panel of Experts and Arbitrators. Appointed a Director of Wynnstay Properties in 1994.

**Peter R. Kirkland (Finance Director and Company Secretary)** aged 51, is a Chartered Accountant. On qualifying, he worked for a City merchant bank for three years. He has since held directorships with a number of quoted companies, including Clayform Properties (now Development Securities) and following five years with a major construction group, he joined Wynnstay Properties in 1995 and was appointed to the Board the following year.

**Ian S. Lockhart (Non-Executive)** aged 58. After reading Classics at Cambridge, he was admitted as a Solicitor in 1967. He was Senior Partner in Peake & Co. prior to its amalgamation in 1989 with his present firm, Charles Russell, where he specialises in acting for private clients and charities. Appointed a Director of Wynnstay Properties in 1972.

# WYNNSTAY PROPERTIES PLC

## CHAIRMAN'S STATEMENT

Recent comment in the financial columns has focused on "takeover frenzy" and, undoubtedly, the property sector has witnessed the greatest burst of corporate activity since the peak of the 1980's boom. Your Board recognises that opportunities exist for the Company to expand by acquisition or by merger with compatible businesses and that the resulting benefits, by way of economies of scale and market recognition, are likely to be greater in terms of adding shareholder value than by simply surrendering control thereby enabling the Company to be acquired for substantially less than its real worth for the benefit of others. To this end, we have recently held preliminary discussions with a number of potential partners and although it is too early to report substantive progress, I remain confident that we shall achieve this objective in the near term.

I am very pleased to report that the Company has enjoyed another successful year. Despite five increases in bank base rate, profit before tax and exceptional items was £304,238, only 2.6% less than the profit of £312,440 achieved last year, with the second half performance again being particularly encouraging. Profit after tax was £409,879 (1997 - £274,628). Shareholders will be pleased to note that Net Asset Value per share has increased from 179p last year to 192p (+ 7.3%) whilst basic earnings per share, aided by a low tax charge, increased by 49.4% from 8.7p to 13.0p or, on a normalised basis, by 17.6% from 7.4p to 8.7p.

Rents receivable declined by 3.2% on account of the disposal in September last year of the sixteen industrial units at Rippleside Commercial Estate, Barking. Although these units provided a high yield over a number of years, they required intensive management and your Board believed that their capital value would decline in real terms over time. As reported at the interim stage, this sale produced an exceptional profit of £134,312 representing the amount by which the net proceeds exceeded the carrying value of the property. Partly as a consequence of this sale the Company's net gearing at 25th March 1998 fell to 115%, compared with 150% one year earlier.

Another pleasing aspect to report is that total property and administration costs fell for the fourth consecutive year. Although this is a creditable performance, the Board remains determined to control overheads and is currently evaluating further potential savings.

Whilst the interim dividend of 1.65p was maintained at the same level as in 1997, the Directors consider that the favourable results for the year as a whole justify the recommendation of a final dividend of 3.6p which, subject to Shareholders' approval, will be paid on 28th July 1998, making a total of 5.25p per share for the year (1997 - 5.0p).

Messrs. Chesterton revalued the investment portfolio as at 25th March 1998 in the sum of £12.815 million and although this represents only a modest uplift on the corresponding values ascribed last year, I am hopeful that the increase in the current year will be more marked as the improvement in conditions, so evident in the prime sector, filters through to the remainder of the property market. More specifically, we expect to achieve a substantial increase in the value of the Company's office premises at Cosham, where the first five year rent review falls due in December this year.

Apart from one recently vacated retail unit the portfolio is fully let and rent producing. As reported in my interim statement, terms have been agreed in principle for the sale of another of the Company's properties; however, matters have been delayed awaiting the carrying out of certain works by the tenant. Since the year end we have successfully completed a long lease, on a full repairing and insuring basis, in respect of the property at Shirley near Southampton which, following the failure of the tenant in early 1996, had been the subject of a temporary letting on considerably less favourable terms. I am also pleased to report that

conditional contracts have been exchanged for the sale of the development site at Colchester, subject to the purchaser obtaining planning consent for A1 retail use.

Shareholders will note from the Notice of Meeting on Page 22 that Panther Securities PLC has again this year nominated Mr A.S. Perloff for election as a Director of your Company. The arguments against such an appointment were fully deployed in my previous Statement and in my subsequent letter to Shareholders prior to last year's Annual General Meeting. The outcome of the poll at that Meeting was an overwhelming rejection of Mr Perloff's attempt to secure election and the Board remains convinced the arguments expounded then remain equally valid now and that the appointment of Mr Perloff would not be in the best interests of Shareholders as a whole.

**The Directors are unanimous, therefore, in strongly recommending that you vote against this resolution and intend to do so in respect of their own shareholdings.**

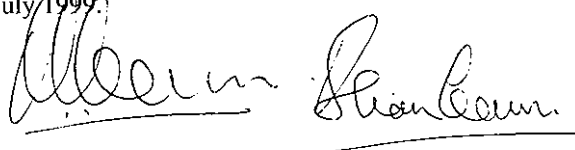
It would be remiss in the extreme to allow the retirement of Mr Victor Scott Goddard in January to pass without paying due tribute for all he has contributed in the affairs and towards the success of the Company over so many years. His professional practice, C.T. Moore & Co., acted continuously as the Company's auditors from our Date of Incorporation in 1886 until its merger with Moore Stephens last year. Victor's very considerable knowledge and high quality advice have been invaluable and his patient demeanour and cheerful countenance will be sorely missed. I am sure you will all join me and my fellow Directors in wishing him and his wife Olive a very happy retirement, much of which will be enjoyed at their recently acquired retreat in Pembrokeshire.

Michael Cheesmer and Peter Kirkland who, with Alan Domin and Gillian Wright, comprise our full-time team have been steadfast and diligent in the performance of their duties and their loyal contribution is deserving of our sincere appreciation.

I shall be most obliged if any Shareholder wishing to raise specific questions concerning the Accounts would kindly do so, in writing please, prior to Wednesday 15th July, thereby affording me the opportunity to respond more fully.

Together with the other Directors, I very much look forward to welcoming as many of you as possible to this year's Annual General Meeting at the Royal Automobile Club on Thursday 23rd July. **I am sure you will all appreciate again this year the importance of registering your vote regarding 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 to the Registrars, 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 22nd July 1999.



15th June 1998

B. L. CANN  
Chairman

# WYNNSTAY PROPERTIES PLC

## REPORT OF THE DIRECTORS 1998

The Directors present their One Hundred and Twelfth Annual Report, together with the Audited Financial Statements of the Company and its subsidiaries for the year ended 25th March 1998.

### 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 20.

The profit for the year after taxation amounted to £409,879 (1997 - £274,628). Details of movements in reserves are set out in note 14 to the Financial Statements on pages 18 and 19.

The Directors recommend the payment of a final dividend of 3.6 pence per share for the year ended 25th March 1998 payable on 28th July 1998 to those Shareholders on the Register on 10th July 1998. This dividend, together with the interim dividend of 1.65 pence paid on 15th December 1997, represents a total for the year of 5.25 pence (1997 - 5.0 pence).

### Fixed Assets

The investment properties have been valued by Chesterton on the basis of open market value at 25th March 1998. The movement in Fixed Assets is set out in Note 7 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 1998 and 25th March 1997 are shown below:-

		Ordinary Shares of 25p	
		25.3.98	25.3.97
B.L. Cann	Chairman	10,000	10,000
M.L. Cheesmer	Managing Director	15,250	15,250
P.G.H. Collins	Non-Executive	206,753	181,753
A.R. Harris	Non-Executive	10,000	10,000
P.R. Kirkland	Finance Director	2,800	2,800
P.J.D. Langrishe (resigned 24th July 1997)	Non-Executive		78,164
I.S. Lockhart	Non-Executive	10,000	10,000

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

There have been no changes in the above shareholdings since 25th March 1998 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 2001. Mr P.R. Kirkland has a service agreement with the Company expiring on 12th September 2000.

Fees of £1,550 were incurred during the year, payable to Rogers Chapman PLC, of which Mr A.R. Harris is a Director, in connection with their undertaking rent reviews in respect of two leases on behalf of the Company.

In accordance with the Company's Articles of Association, the two Directors retiring by rotation are Mr P.G.H. Collins and Mr A.R. Harris who, being eligible, offer themselves for re-election.

Brief biographies of each of the Directors appear on page 3.

# WYNNSTAY PROPERTIES PLC

## REPORT OF THE DIRECTORS 1998 — (Cont'd.)

### Directors – (Cont'd.)

#### 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	800,948	25.38%
Mr H.J.A. Bird	217,000	6.88%
Mr P.G.H. Collins	206,753	6.55%

#### 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 to suppliers.

#### Year 2000 Issues

The Company is planning to review and address the risks and uncertainties of the year 2000 problem as it affects its business, its relationships with customers, suppliers and other parties.

# WYNNSTAY PROPERTIES PLC

## REPORT OF THE DIRECTORS 1998 — (Cont'd.)

### Corporate Governance

The Directors have 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 Directors consider, 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 Directors have 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 six Directors, only three of whom are executive Directors and in the circumstances it has been decided 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 Company'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 Stewart Perloff as a Director of the Company.

### 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

Moore Stephens have indicated their willingness to continue in office and resolutions concerning their re-appointment and remuneration will be proposed at the Annual General Meeting.

### Annual General Meeting

The notice of the Annual General Meeting appears on page 22.

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



## REPORT OF THE AUDITORS

### TO THE MEMBERS OF WYNNSTAY PROPERTIES PLC

We have audited the Financial Statements set out on Pages 10 to 20 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 judgements 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.

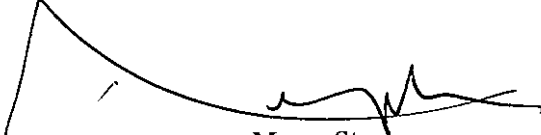
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity 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 1998 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

15th June 1998



**Moore Stephens**  
Chartered Accountants  
Registered Auditors

WYNNSTAY PROPERTIES PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT YEAR ENDED 25TH MARCH 1998

	Notes	1998		1997	
		£	£	£	£
<b>Gross Rental Income</b>	1		1,445,983		1,493,204
<b>Fees and Commissions</b>			<u>22,423</u>		<u>25,548</u>
			1,468,406		1,518,752
Property Outgoings	2		<u>76,270</u>		<u>104,042</u>
			1,392,136		1,414,710
Administration and Other Costs	3		<u>398,061</u>		<u>393,373</u>
<b>Operating Profit</b>			<u>994,075</u>		<u>1,021,337</u>
Finance Costs (Net)	5		<u>689,837</u>		<u>708,897</u>
			<u>304,238</u>		<u>312,440</u>
Profit on Disposal of Investment Property			<u>134,312</u>		<u>42,402</u>
<b>Profit on Ordinary Activities before Taxation</b>			438,550		354,842
Taxation on Profit from Ordinary Activities	6		<u>28,671</u>		<u>80,214</u>
<b>Profit after Taxation Attributable to Ordinary Shareholders</b>			409,879		274,628
Appropriations:-					
Dividends per share					
Interim: 1.65p 1997: 1.65p			52,061		52,061
Final Payable					
(1997 Second Interim): 3.60p 1997: 3.35p			<u>113,590</u>		<u>105,701</u>
Total: 5.25p 5.0p			<u>165,651</u>		<u>157,762</u>
<b>Retained Profit for the Financial Year</b>					
Wynnstay Properties PLC			942,047		561,318
Subsidiary Companies			<u>(697,819)</u>		<u>(444,452)</u>
			<u>£244,228</u>		<u>£116,866</u>
<b>Earnings per Share</b>			13.0p		8.7p
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>1998</b>		<b>1997</b>
			£		£
Profit for the Financial Year after Taxation			409,879		274,628
Unrealised Surplus on Revaluation of Investment Properties			<u>167,182</u>		<u>12,037</u>
Total Recognised Gains and Losses for the Year			<u>£577,061</u>		<u>£286,665</u>

**WYNNSTAY PROPERTIES PLC**  
**CONSOLIDATED BALANCE SHEET AT 25TH MARCH 1998**

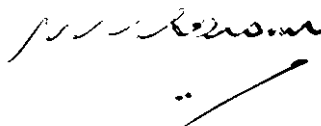
	Notes	1998		1997	
		£	£	£	£
<b>Fixed Assets</b>					
Tangible Assets	7		12,854,861		14,001,952
<b>Investments</b>	9		49,084		47,352
			<u>12,903,945</u>		<u>14,049,304</u>
<b>Current Assets</b>					
Trading Properties at Directors' Valuation		570,000		570,000	
Debtors	10	171,098		238,959	
Cash at Bank and in Hand		—		663,303	
		<u>741,098</u>		<u>1,472,262</u>	
<b>Creditors: Amounts falling due within one year</b>	11	<u>(724,722)</u>		<u>(1,532,886)</u>	
<b>Net Current Assets/(Liabilities)</b>			<u>16,376</u>		<u>(60,624)</u>
<b>Total Assets Less Current Liabilities</b>			12,920,321		13,988,680
<b>Creditors: Amounts falling due after more than one year</b>	11		<u>(6,858,821)</u>		<u>(8,338,590)</u>
<b>Net Assets</b>			<u>£6,061,500</u>		<u>£5,650,090</u>
<b>Capital and Reserves:</b>					
<b>Share Capital</b>	13		788,817		788,817
<b>Reserves</b>	14				
Capital Redemption Reserve		204,528		204,528	
Share Premium Account		1,135,249		1,135,249	
Capital Reserve		151,400		151,400	
Revaluation Reserve		<u>2,725,691</u>		<u>3,189,493</u>	
Non-distributable Reserves			4,216,868		4,680,670
Distributable Reserves			<u>1,055,815</u>		<u>180,603</u>
<b>Equity Shareholders' Funds</b>	15		<u>£6,061,500</u>		<u>£5,650,090</u>

Approved by the Board on 15th June 1998

B.L. Cann

} Directors 

M.L. Cheesmer



**WYNNSTAY PROPERTIES PLC**  
BALANCE SHEET AT 25TH MARCH 1998

	Notes	1998		1997	
		£	£	£	£
<b>Fixed Assets</b>					
Tangible Assets	7		11,624,860		11,476,952
Investment in Subsidiaries	8		2,406,510		2,406,510
Quoted Investments	9		<u>650</u>		<u>650</u>
			14,032,020		13,884,112
<b>Current Assets</b>					
Debtors	10	1,347,170		1,366,049	
Cash at Bank and in Hand		<u>—</u>		<u>663,303</u>	
		1,347,170		2,029,352	
<b>Creditors: Amounts falling due within one year</b>	11	<u>(2,787,483)</u>		<u>(2,944,035)</u>	
<b>Net Current Liabilities</b>			<u>(1,440,313)</u>		<u>(914,683)</u>
<b>Total Assets Less Current Liabilities</b>			12,591,707		12,969,429
<b>Creditors: Amounts falling due after more than one year</b>	11		<u>(6,858,821)</u>		<u>(8,338,590)</u>
<b>Net Assets</b>			<u>£5,732,886</u>		<u>£4,630,839</u>
<b>Capital and Reserves:</b>					
<b>Share Capital</b>	13		788,817		788,817
<b>Reserves</b>	14				
Capital Redemption Reserve		204,528		204,528	
Share Premium Account		1,135,249		1,135,249	
Capital Reserve		82,160		82,160	
Revaluation Reserve		<u>2,053,304</u>		<u>1,893,304</u>	
Non-distributable Reserves			3,475,241		3,315,241
Distributable Reserves			<u>1,468,828</u>		<u>526,781</u>
<b>Equity Shareholders' Funds</b>			<u>£5,732,886</u>		<u>£4,630,839</u>

Approved by the Board on 15th June 1998

B.L. Cann

M.L. Cheesmer

} Directors

**WYNNSTAY PROPERTIES PLC**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE**  
**YEAR ENDED 25TH MARCH 1998**

	Notes	1998		1997	
		£	£	£	£
<b>Cash Flow from Operating Activities</b>	17		909,118		1,266,156
<b>Returns on Investment and Servicing of Finance</b>					
Dividends Received	" 41			1,922	
Interest Received		17,832		36,428	
Interest Paid		<u>(565,886)</u>		<u>(750,709)</u>	
<b>Net Cash (Outflow) from returns on Investment and Servicing of Finance</b>			(548,013)		(712,359)
<b>Taxation</b>			(77,875)		(11,924)
<b>Capital Expenditure and Financial Investment</b>					
Purchase of Tangible Fixed Assets		(85)		(543,740)	
Disposal of Tangible Fixed Assets		1,434,312		392,402	
Sinking Fund Policy Premium		<u>(910)</u>		<u>(910)</u>	
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>			1,433,317		(152,248)
<b>Equity Dividends Paid</b>			<u>(157,763)</u>		<u>(146,719)</u>
<b>Net Cash Inflow before Financing</b>			1,558,784		242,906
<b>Financing</b>					
Repayment of Convertible Loan Stock		(821,489)		—	
Repayment of Bank Loan		(1,479,769)		—	
Bank Loan Drawn Down		—		<u>125,200</u>	
			<u>(2,301,258)</u>		<u>125,200</u>
<b>(Decrease)/Increase in Cash in the Period</b>			<u>£(742,474)</u>		<u>£368,106</u>
<b>Reconciliation of Net Cash Flow to Movement in Net Debt</b>					
(Decrease)/Increase in Cash in the Period			(742,474)		368,106
Cash Outflow from Increase/(Decrease) in Debt Financing			<u>2,301,258</u>		<u>(125,200)</u>
<b>Movement in Net Debt in the Period</b>			1,558,784		242,906
<b>Net Debt at 25th March 1997</b>			<u>(8,496,776)</u>		<u>(8,739,682)</u>
<b>Net Debt at 25th March 1998</b>	17		<u>£(6,937,992)</u>		<u>£(8,496,776)</u>

**WYNNSTAY PROPERTIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS FOR**  
**THE YEAR ENDED 25TH MARCH 1998**

**1. ACCOUNTING POLICIES**

**Basis of Consolidation**

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

**Depreciation**

In accordance with SSAP 19, 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 Investment Property is being amortised over the period of the Lease.

Depreciation of other Fixed Assets is on a straight line basis calculated at annual rates estimated to write off each asset over its estimated useful life of 5 years.

**Gains on Investments**

The Gains or Losses on disposal of Investment Properties and other investments are disclosed separately in the Profit and Loss Account.

**Gross Rental Income**

Gross rental income represents the accrued charges for rental of the Group 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 that the net realisable value would be not less than that shown in the 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**

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the Directors consider that a liability to taxation is unlikely to crystallise in the foreseeable future.

Specifically no provision is made for taxation which would become payable under present legislation in the event of future disposals of the Investment Properties at the amounts at which they are stated in the Financial Statements. However, an estimate of the potential liability is shown in note 12, together with other elements of agreed taxation losses available for carrying forward, potential balancing charges arising from allowances taken on qualifying Industrial Buildings and Advance Corporation Tax recoverable which has been written off for accounting purposes.

**WYNNSTAY PROPERTIES PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 25TH MARCH 1998**

<b>2. PROPERTY OUTGOINGS</b>	<b>1998</b>	<b>1997</b>
Ground Rents	1,602	1,602
Repairs, Insurance, Rates, etc.	25,620	55,160
Property Management	49,048	47,280
	<u>£76,270</u>	<u>£104,042</u>
<b>3. ADMINISTRATION AND OTHER COSTS</b>		
General Administration	159,266	179,234
Auditors' Remuneration: Audit	22,150	22,150
Other	13,569	13,050
Directors' Emoluments: Fees	36,125	37,535
Executive Salaries	129,969	111,797
Pension scheme contributions	8,000	6,685
Pension payable to a former Director	4,016	3,910
Provision for Bad Debts	11,429	5,356
Depreciation and Amortisation	13,537	13,656
	<u>£398,061</u>	<u>£393,373</u>

In addition to the above Directors' emoluments, a benefit in kind of £4,686 (1997: £4,686) was received by an Executive Director.

**4. STAFF COSTS**

Staff costs, including Directors, during the year were as follows:

Wages and Salaries	206,844	207,428
Social Security Costs	19,888	19,136
Other Pension Costs	8,000	6,685
	<u>£234,732</u>	<u>£233,249</u>

The average number of employees, including Directors, engaged wholly in management and administration was:

8	9
---	---

**5. FINANCE COSTS (NET)**

Principal repayable within five years:

8 1/4% Convertible Unsecured Loan Stock	—	67,773
Banks and Other	695,083	681,931
Total Interest Payable	695,083	749,704

Less Investment Income:

Quoted Shares	(41)	(1,922)
Sundry Interest	(5,205)	(38,885)
Net Costs of Finance	<u>£689,837</u>	<u>£708,897</u>

**6. TAXATION**

Corporation Tax on profit on ordinary activities	90,476	79,830
Prior year over provision	(46,876)	—
Utilisation of Advance Corporation Tax previously written off	(14,937)	—
Dividends, Tax Credits	8	384
	<u>£28,671</u>	<u>£80,214</u>

The prior year over provision has arisen as a result of utilisation of the new loan relationship regime affecting deficits previously treated for computational purposes as surplus management expenses brought forward.

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 25TH MARCH 1998

7. TANGIBLE FIXED ASSETS	Freehold Land and Buildings	Leasehold Land and Buildings	Plant and Machinery Cost	Total
<b>Group</b>				
Valuation, 25th March 1997	13,940,000	36,607	58,073	14,034,680
Additions	—	—	85	85
Disposals	(1,300,000)	—	—	(1,300,000)
	<u>£12,640,000</u>	<u>£36,607</u>	<u>£58,158</u>	<u>£12,734,765</u>
Depreciation, 25th March 1997	—	3,264	29,463	32,727
Charge for Year	—	3,814	10,545	14,359
Disposals	—	—	—	—
	<u>£ —</u>	<u>£7,078</u>	<u>£40,008</u>	<u>£47,086</u>
25th March 1998				
Net Book Values	12,640,000	29,529	18,150	12,687,679
Surplus	165,000	2,182	—	167,182
Valuation	<u>£12,805,000</u>	<u>£31,711</u>	<u>£18,150</u>	<u>£12,854,861</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>
<b>Company</b>				
Valuation, 25th March 1997	11,425,000	26,607	58,073	11,509,680
Additions	1,455,000	—	85	1,455,085
Disposals	(1,455,000)	—	—	(1,455,000)
	<u>£11,425,000</u>	<u>£26,607</u>	<u>£58,158</u>	<u>£11,509,765</u>
Depreciation, 25th March 1997	—	3,265	29,463	32,728
Charge for Year	—	1,632	10,545	12,177
Disposals	—	—	—	—
	<u>£ —</u>	<u>£4,897</u>	<u>£40,008</u>	<u>£44,905</u>
25th March 1998				
Net Book Values	11,425,000	21,710	18,150	11,464,860
Surplus	160,000	—	—	160,000
Valuation	<u>£11,585,000</u>	<u>£21,710</u>	<u>£18,150</u>	<u>£11,624,860</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>

The Group's freehold land and buildings were valued, at 25th March 1998, on an open market value basis, by Chesterton, at £12,805,000. Freehold and leasehold land and buildings would have been shown at an historical cost of £9,977,134 and £26,134 respectively (1997: £10,048,055 and £26,134 respectively) if revaluations had not been undertaken.

	Group	
	1998	1997
<b>Amortisation, Leasehold Investment Property</b>		
Charge as per Revenue Account	1,360	1,360
Increase in surrender value of Sinking Fund Policy in excess of premiums paid	822	793
	<u>£2,182</u>	<u>£2,153</u>

Leasehold Land and Buildings comprise two short leases expiring in October 2001 and in November 2011

Capital Commitments

£ —      £ —



WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 25TH MARCH 1998

8. INVESTMENT IN SUBSIDIARIES	Company	
	1998	1997
Shares at Cost, 25th March 1997 and 1998	<u>£2,406,510</u>	<u>£2,406,510</u>

9. INVESTMENTS	Group		Company	
	1998	1997	1998	1997
Quoted	650	650	650	650
Unquoted: Sinking Fund Policy	48,434	46,702	—	—
	<u>£49,084</u>	<u>£47,352</u>	<u>£650</u>	<u>£650</u>

The Market Values of Quoted Investments as at 25 March 1998 was Company £1,415 (1997: £875) Group £1,415 (1997: £875). The Sinking Fund Policy has been maintained at the surrender value at the Balance Sheet Date.

10. DEBTORS	Group		Company	
	1998	1997	1998	1997
Due from Subsidiary Companies	—	—	1,217,307	1,208,130
Advance Corporation Tax	85,692	129,243	85,692	129,243
Corporation Tax Recoverable	31,283	—	—	—
Other Debtors	17,564	99,120	8,005	18,166
Prepayments	36,559	10,596	36,166	10,510
	<u>£171,098</u>	<u>£238,959</u>	<u>£1,347,170</u>	<u>£1,366,049</u>

11. CREDITORS

Amounts falling due within one year:

Bank Overdraft	79,171	—	79,171	—
8 1/4% Convertible Unsecured Loan Stock 1992/97	—	821,489	—	821,489
Due to Subsidiary Companies	—	—	2,105,012	1,633,303
Other Creditors	—	1,659	—	1,290
Current Corporation Tax	49,736	107,160	42,393	26,425
Other Taxation and Social Security Costs	55,209	75,794	55,110	71,958
Dividend Payable	113,589	105,701	113,589	105,701
Accruals and Deferred Income	427,017	421,083	392,208	283,869
	<u>£724,722</u>	<u>£1,532,886</u>	<u>£2,787,483</u>	<u>£2,944,035</u>

The 8 1/4% Convertible Unsecured Loan Stock was fully redeemed on 26th March 1997.

The Bank Overdraft is secured by a legal charge over certain Freehold Land and Buildings of the Company.

Amounts falling due after more  
than one year:

Bank Loans	<u>£6,858,821</u>	<u>£8,338,590</u>	<u>£6,858,821</u>	<u>£8,338,590</u>
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Interest is charged at varying rates above LIBOR on the bank loans which fall due for repayment on 31st March 2002.

The bank loans are secured by a legal charge over certain Freehold Land and Buildings owned by the Group and a debenture incorporating a floating charge over the Company's assets and those of certain of its subsidiaries. In addition, a number of subsidiary companies have provided guarantees to the bank.

**WYNNSTAY PROPERTIES PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 25TH MARCH 1998**

**12. DEFERRED TAXATION**

The Group has the following deferred tax assets and potential tax liabilities as at 25th March 1998:

	£
Deferred Tax Assets:	
Agreed trading losses at 31%	279,000
Agreed capital losses at 31%	157,000
Available Advance Corporation Tax written off for accounting purposes	358,000
Potential Tax Liabilities:	
Deferred tax arising from Industrial Buildings Allowances at 31%	383,000
Potential capital gains arising on revaluation of freehold property at 31%	278,000

13. SHARE CAPITAL	Group		Company	
	1998	1997	1998	1997
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, Called Up and Fully Paid	<u>£788,817</u>	<u>£788,817</u>	<u>£788,817</u>	<u>£788,817</u>

All shares rank equally in respect of Shareholder rights.

**14. RESERVES**

Group Non-Distributable	Capital	Share	Capital	Revaluation	Total
	Redemption Reserve	Premium Account	Reserve	Reserve	
Balance at 26th March 1997	204,528	1,135,249	151,400	3,189,493	4,680,670
Revaluation during year	—	—	—	167,182	167,182
Transfers between Revaluation Reserve and Profit and Loss Account	—	—	—	(630,984)	(630,984)
Balance at 25th March 1998	<u>£204,528</u>	<u>£1,135,249</u>	<u>£151,400</u>	<u>£2,725,691</u>	<u>£4,216,868</u>
					<b>Profit and Loss Account</b>
<b>Distributable</b>					180,603
Balance as disclosed at 26th March 1997					244,228
Retained profit for the year					630,984
Transfers between Revaluation Reserve and Profit and Loss Account					<u>£1,055,815</u>
Balance at 25th March 1998					

**WYNNSTAY PROPERTIES PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 25TH MARCH 1998**

**14. RESERVES (Cont'd.)**

<b>Company</b>					
<b>Non-Distributable</b>	<b>Capital Redemption Reserve</b>	<b>Share Premium Account</b>	<b>Capital Reserve</b>	<b>Revaluation Reserve</b>	<b>Total</b>
Balance at 26th March 1997	204,528	1,135,249	82,160	1,893,304	3,315,241
Revaluation during year	—	—	—	160,000	160,000
Balance at 25th March 1998	<u>£204,528</u>	<u>£1,135,249</u>	<u>£82,160</u>	<u>£2,053,304</u>	<u>£3,475,241</u>
					<b>Profit and Loss Account</b>
<b>Distributable</b>					
Balance at 26th March 1997					526,781
Retained profit for the year					942,047
Balance at 25th March 1998					<u>£1,468,828</u>

As permitted by Section 230 of the Companies Act 1985, the Profit and Loss Account of the Parent Company has not been separately presented in these Financial Statements.

**15. RECONCILIATION OF MOVEMENT OF  
SHAREHOLDERS' FUNDS**

	<b>Group</b>	
	<b>1998</b>	<b>1997</b>
Profit for the Financial Year after Taxation	409,879	274,628
Dividends Paid and Payable	(165,651)	(157,762)
Surplus on revaluation of Investment Properties	167,182	12,037
Net Addition to Shareholders' Funds	<u>411,410</u>	<u>128,903</u>
Opening Shareholders' Funds 26th March 1997	5,650,090	5,521,187
Closing Shareholders' Funds 25th March 1998	<u>£6,061,500</u>	<u>£5,650,090</u>

**16. SUBSIDIARY COMPANIES**

	<b>Class of Shares</b>	<b>Percentage Held</b>
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 1998**

**17. CONSOLIDATED CASH FLOW STATEMENT**

<b>(i) Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities</b>	<b>1998</b>	<b>1997</b>
Operating Profit	994,075	1,021,337
Depreciation	13,536	13,656
Decrease in Debtors	42,969	136,067
(Decrease)/Increase in Creditors	(141,462)	95,096
	<u>£909,118</u>	<u>£1,266,156</u>

<b>(ii) Analysis of Net Debt</b>	<b>26th March 1997</b>	<b>Cash Movement</b>	<b>25th March 1998</b>
Cash at Bank, in Hand and Bank Overdraft	663,303	(742,474)	(79,171)
Debt due after more than one year	(8,338,590)	1,479,769	(6,858,821)
Debt due within one year	(821,489)	821,489	—
	<u>£(8,496,776)</u>	<u>£1,558,784</u>	<u>£(6,937,992)</u>

**18. COMMITMENTS UNDER OPERATING LEASES**

Annual rental commitments at 25th March 1988 on property leases expiring :-

	<b>Group</b>	<b>Company</b>
Less than five years hence	1,600	—
More than five years hence	29,050	23,800
	<u>£30,650</u>	<u>£23,800</u>

**WYNNSTAY PROPERTIES PLC GROUP**  
**FIVE YEAR FINANCIAL REVIEW**

Years Ended 25th March	1998 £	1997 £	1996 £	1995 £	1994 £
<b>PROFIT AND LOSS ACCOUNT</b>					
Property Income	1,468,406	1,518,752	1,527,451	1,283,728	1,074,528
Profit before Taxation and Exceptional Items	304,238	312,440	255,959	241,298	71,802
Profit before Taxation	438,550	354,842	372,996	247,304	72,467
Profit after Taxation	409,879	274,628	325,793	228,222	64,306
Dividends	165,651	157,762	141,987	126,211	92,007
<b>CONSOLIDATED BALANCE SHEET</b>					
Investment Properties	12,815,000	13,950,000	13,747,500	13,945,000	11,285,000
Shareholders' Funds (Note 1)	6,061,500	5,650,090	5,521,187	5,876,004	6,338,127
<b>PER SHARE</b>					
Earnings (Note 2)	13.0p	8.7p	10.3p	7.2p	2.1p
Dividends	5.25p	5.0p	4.5p	4.0p	3.0p
Net Asset Value (Note 1)	192p	179p	175p	186p	207p

**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.

## NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the one hundred and twelfth 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, 23rd July 1998, at 12.00 noon to transact the following business:

### ORDINARY BUSINESS

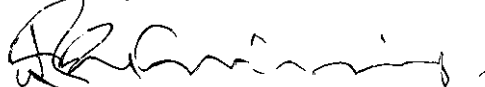
1. To adopt the Report of the Directors and the Financial Statements for the year ended 25th March 1998.
2. To declare a Dividend.
3. To re-elect as a Director, Philip Geoffrey Hugh Collins, who retires by rotation.
4. To re-elect as a Director, Anthony Robert Harris, who retires by rotation.
5. To elect as a Director, Andrew Stewart Perloff (Notice having been received by the Company pursuant to Section 376 of the Companies Act 1985).
6. To fix the remuneration of the Directors.
7. To re-appoint Moore Stephens as Auditors.
8. To authorise the Directors to determine the remuneration of the Auditors.
9. 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

26th June 1998