

WICKES PROPERTY & FINANCIAL SERVICES LIMITED

DIRECTORS REPORT AND FINANCIAL STATEMENTS

31 December 1996

The Company's registered number is 1927500



WICKES PROPERTY & FINANCIAL SERVICES LIMITED

DIRECTORS REPORT

The directors present their annual report on the affairs of the Company, together with the financial statements for the year ended 31 December 1996.

Certain accounting irregularities have been uncovered within the Group headed by Wickes plc ("the Wickes Group"), the Company's ultimate parent company, and these have necessitated the refinancing of the Wickes Group. The refinancing arrangements were approved by an Extraordinary General Meeting of Wickes plc on 6 January 1997 and the banking arrangements became effective on 7 January 1997. The proceeds of the rights issue were received in February 1997. Full details of the irregularities and the financial position of the Wickes Group are given in the financial statements of Wickes plc for the year ended 31 December 1996.

Principal Activity

The Company has remained dormant throughout the year. The directors do not envisage initiating any change in the Company's role or activities in the foreseeable future.

Results and Dividends

The results for the year are set out in the attached financial statements. The directors do not recommend payment of a dividend (1995 - nil).

Directors

The directors who served during the year and subsequent to the year end were:

	<u>Appointed</u>	<u>Resigned</u>
R A Brennan	1.02.97	
M R Corner		15.10.96
N P S Horne		31.01.97
R N Tilney		

The directors who held office at 31 December 1996 had no interest, including options, other than those shown below in the shares of group undertakings.

Wickes plc 25 pence Ordinary Shares

	<u>Holdings</u>		<u>Options</u>			
	<u>*1.01.96</u>	<u>31.12.96</u>	<u>*1.01.96</u>	<u>Granted in the year</u>	<u>Exercised in the year</u>	<u>31.12.96</u>
N P S Horne	-	-	153,000	-	100,000	53,000
R N Tilney	3,410	8,327	40,450	-	15,450	25,000

* or on appointment if later

WICKES PROPERTY & FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT (Continued)

Directors (Continued)

At 31 December 1996 the following options granted to the directors were outstanding under option schemes:

<u>Director</u>	<u>Date of Grant</u>	<u>Ordinary Shares</u>	<u>Exercise price(p)</u>	<u>Exerciseable</u>	
				<u>From</u>	<u>To</u>
N P S Horne	August '94	50,000	92.00	13.08.97	11.08.04
R N Tilney	February '94	10,000	117.50	1.03.97	27.02.04
	August '94	15,000	92.00	13.08.97	11.08.04

The market price of Wickes plc shares during the year, ranged from 69p to 140.5p and as at 31 December 1996 trading in Wickes plc shares had been suspended.

On 1 April 1996 R N Tilney exercised options over 15,450 shares at an exercise price of 65.47p.

On 1 May 1996 N P S Horne exercised options over 41,200 shares at an exercise price of 65.47p and 61,800 shares at an exercise price of 85.36p.

The option details set out above do not take account of changes in the number of shares under option and exercise price resulting from the rights issue announced by Wickes plc in January 1997.

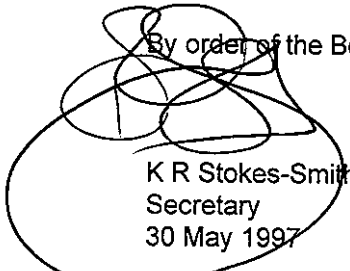
Supplier Payment Code

The Company agrees terms and conditions for its business transactions with suppliers. Payment is then made to those, subject to the terms and conditions being met by the supplier.

Auditors

The company was dormant within the meaning of section 252 of the Companies Act 1985, throughout the period to 31 December 1996 and accordingly its accounts have not been audited.

Registered Office
120/138, Station Road,
Harrow,
Middlesex., HA1 2QB

By order of the Board

K R Stokes-Smith
Secretary
30 May 1997

WICKES PROPERTY & FINANCIAL SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES

Company Law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and 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, and
- 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.

WICKES PROPERTY & FINANCIAL SERVICES LIMITED

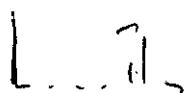
BALANCE SHEET AS AT 31 DECEMBER 1996

	Note	<u>1996</u> £	<u>1995</u> £
CURRENT LIABILITIES			
Amounts due to other Group undertakings		(91,073)	(91,073)
NET LIABILITIES		<u>(91,073)</u>	<u>(91,073)</u>
EQUITY CAPITAL AND RESERVES			
Called up share capital	3	100,000	100,000
Other paid in capital		300,000	300,000
Profit and loss account		(491,073)	(491,073)
		<u>(91,073)</u>	<u>(91,073)</u>

The Company has remained dormant within the meaning of Section 252 of the Companies Act 1985 since the last Balance Sheet date and accordingly this Balance Sheet has not been audited.

Signed on behalf of the board on 30 May 1997

R N Tilney



Director

The notes on pages 5 and 6 form an integral part of these financial statements.

WICKES PROPERTY & FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 1996

1. Accounting Policies

Basis Of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. Under the provisions of Financial Reporting Standard No 1 (Revised 1996), the Company has not presented a cash flow statement because it is a subsidiary undertaking of Wickes plc (registered number 2070200) which is registered in England and Wales, and which has prepared consolidated financial statements which include the financial statements of the Company for the period and which contain a cash flow statement.

At 31 December 1996 the Company had net liabilities of £91,073. The Company is dependent upon the continuing support of its ultimate parent company, which has indicated its present intention to continue to provide financial support to the Company to enable it to meet its obligations external to the Wickes plc Group as they fall due and accordingly these accounts have been prepared on the going concern basis .

2. Profit And Loss Account

The Company has not traded during the years ended 31 December 1995 and 1996 and accordingly no profit and loss account has been prepared. The Company has no employees (1995 - nil) and no directors have received remuneration for services to the Company during the year (1995 - nil).

3. Called Up Share Capital

	Authorised		Allotted, Called up and fully paid			
	1996	1995	1996	1996	1995	1995
	£	£	No.	£	No.	£
Ordinary shares of £1 each	100,000	100,000	100,000	100,000	100,000	100,000
Total	100,000	100,000	100,000	100,000	100,000	100,000

4. Contingent Liabilities

The company is registered for VAT purposes in a group of companies which share a common registration number. As a result it has jointly guaranteed the VAT liability of the group, and failure by other members of the group would give rise to an additional liability for the company.

WICKES PROPERTY & FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 1996

5 Ultimate Parent Company

The company is a wholly-owned subsidiary undertaking of Wickes plc, a company registered in England and Wales.

The only group into which the results of the company are consolidated is that headed by Wickes plc. The consolidated financial statements may be obtained from 120/138 Station Road, Harrow, Middlesex, HA1 2QB.

Transactions with other companies within the group are not disclosed as the company has taken advantage of the exemption available under Financial Reporting Standard No. 8 "Related party disclosures", as the consolidated accounts of Wickes plc in which the company is included are available at the address noted above.

6 Serious Fraud Office Investigation

On 27 November 1996, the Serious Fraud Office announced its intention to investigate the activities of the former senior management of the Wickes plc Group. If called upon the Company will give full co-operation with this enquiry. The directors do not expect this enquiry to result in any liability to the company.