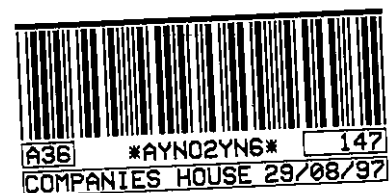


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*Wainhomes is an established housebuilder with a reputation for high standards.*

***Wainhomes aims:***

*to provide distinctive quality homes to meet the demands of housebuyers;*

*to continue to provide strong regional management teams to operate effectively in local markets;*

*to maximise the return on investment and operating cashflow to provide the finance for future growth;*

*to increase shareholder value through long term profitable internal growth and selective expansion into new markets.*

## Financial Highlights

### Five Year Performance Record

	1997	1996	1995	1994	1993
	£000	£000	£000	£000	£000
Turnover	105,610	95,985	95,857	69,401	56,759
Operating profit	7,999	3,750	10,176	7,084	6,464
Profit before taxation	6,682	2,075	10,044	6,218	5,290
Earnings per share	7.1p	2.0p	10.8p	9.6p	7.9p
Net assets	59,406	57,754	59,236	55,335	21,653



## Chairman's Statement

The year ended 4 April 1997 has seen significant progress being made towards re-establishing the full potential of the Group. Pre-tax profit was £6.7M (1996: £2.1M) on a turnover of £105.6M (1996: £96.0M).

The year has seen the benefits from stronger management disciplines and controls throughout the Group. This has resulted in improved margins, through the control of prices, discounts and part exchange, together with tighter control over work in progress. As a result we have seen an improvement in performance in the North West and the first year of profitable trading in the Midlands together with significant growth in profits in the Southern business.

We are beginning to realise the benefits of the purchase of a portfolio of sites purchased for £24.5M in April 1996. A South West subsidiary has been established, based at Okehampton in Devon and it has very creditably produced an operating and pre-tax

profit in its first year of trading. With increased momentum, assisted by improved planning densities, we expect a significant contribution from this subsidiary both next year and for several years to come.

The performance of each subsidiary is covered in more detail in the Chief Executive's Report; overall the Group completed 1,253 houses in the year ended 4 April 1997 (1996: 1,244). The underlying sales reservations year on year increased by 19%, and this is reflected in the increased carry forward of reservations to the new financial year of 261 (1996: 132).

The Group had a £24.5M operating cash inflow from operations resulting in a £11.5M cash balance exceeding the Group's term loan of £10M. Nevertheless the Group has increased its landbank from 2,725 to 5,169 plots. The Group's Balance Sheet is strong.

The Group has decided to change its accounting year end from March to June. The main reason for the change is to ensure that during the period January to March (which is the peak of sales activity in the housing industry), maximum effort is concentrated on selling and is not diluted by the pressure of taking sales to legal completion. The change of accounting period end will also help forecasting and bring the Group's reporting period into line with the majority of housebuilders. The next annual report will be prepared for the fifteen months to 30 June 1998. During this period of transition the Group will be reporting results for the six months to 30 September 1997 and the twelve months to 31 March 1998. Also during the period of transition it is planned to make two interim and one final dividend payments.

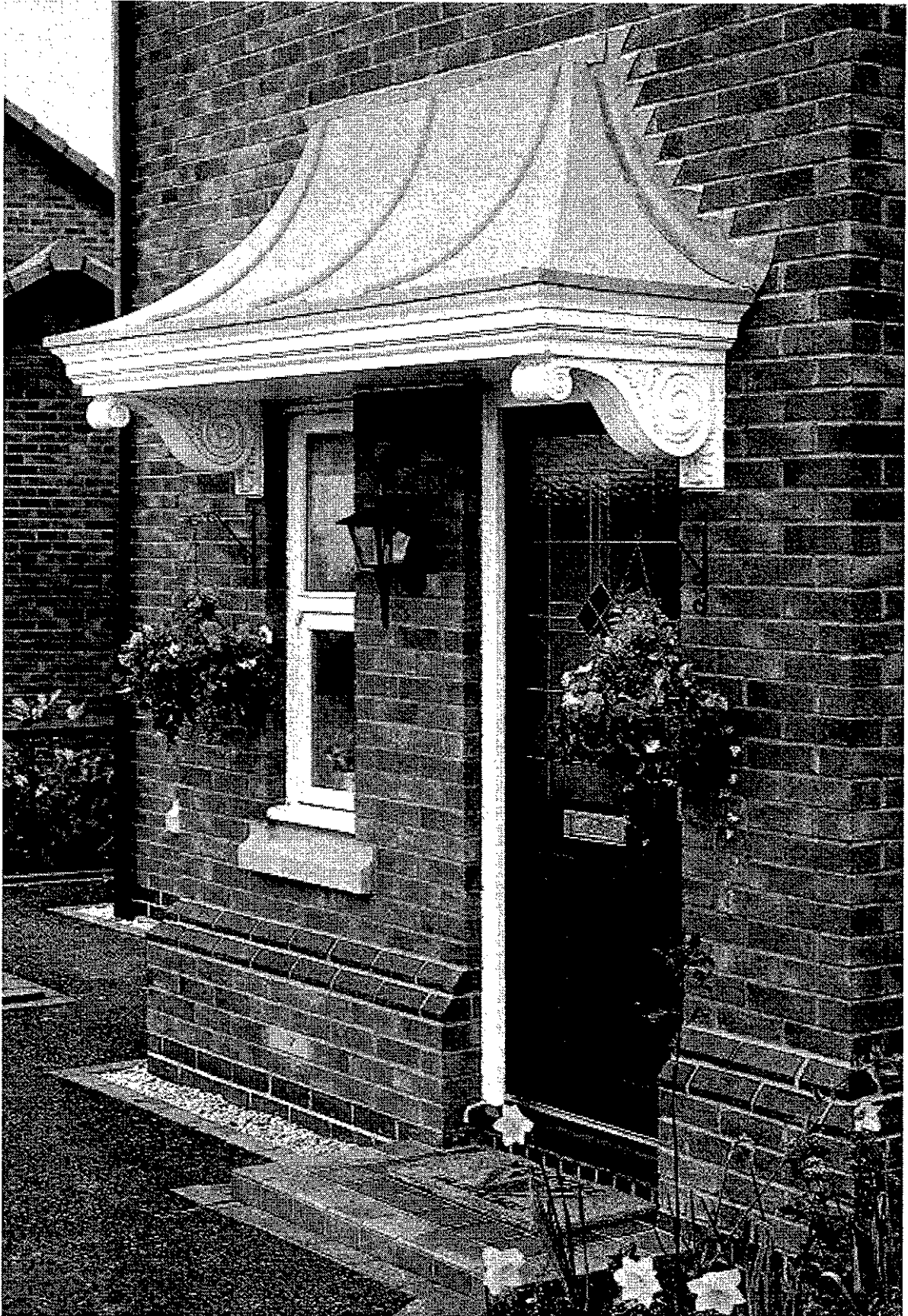
In summary, this has been a year of considerable achievement by management and staff to whom we should all be grateful. There remains more to be done and further initiatives are in hand to increase the efficiency and performance of the Group, which coupled with the exploitation of a good landbank and a gradual improvement in the housing market, led by the South and anticipated to filter outwards, give your Board confidence for the year ahead.

Reflecting that confidence, the Board proposes that the Final Dividend for the year ended 4 April 1997 is increased to 3.25p (1996: 3.0p) per share and if approved, will be payable on 15 August 1997 to shareholders on the register at 27 June 1997.

*Gavin Reed*

Gavin Reed  
17 June 1997







## Chief Executive's Report

Since I was appointed Chief Executive in January 1996, the Group has undergone some radical management and re-organisational changes, the full benefits of which have yet to be seen. The most visible benefits to date have been in the greater level of control over work in progress, part exchange properties and selling prices; this has enabled the Group to eliminate net borrowings at the year end and to achieve a significant reduction in the average level of capital employed during the year. There is always more to do in terms of improving management control over the Group's operations, but the major changes have now been successfully implemented.

### Group trading

The financial year end was 4 April 1997. Due to the timing of Easter, this was the closest working Friday to 31 March. In the year to 4 April 1997 the Group completed the sale of

1,253 houses (1996: 1,244) and achieved pre-tax profits of £6.7M. This outcome does not fully reflect the strong sales performance during the year, particularly in the South; this performance resulted in our sales reservations at 4 April 1997 being at 261 whereas we started the year with only 132, our lowest level of reservations since the Group was formed in 1989.

The average selling price of our houses increased to £84,285 (1996: £77,158) due partly to a larger unit size and partly to changes in the regional mix of the Group's turnover. The Group's overall gross margin in 1997 of 18.3% (1996: 15.8%) masks the 19.1% margin achieved in the second half of the year. This trend in margin improvement is in line with our objective of securing gross margins in excess of 20% which the Group has historically achieved. Our operating margin of 7.6% (1996: 3.9%) remains well below that which

we believe the Group can achieve; the improvement in the year ended 4 April 1997 was achieved through a combination of improved gross margins, higher average selling prices and a relatively constant marketing and overhead cost.

Five years ago, the North West region accounted for 90% of the Group's turnover. In the financial year just ended this had reduced to 51%, but the total turnover of our North West region is still £10M higher than it was in 1992.

All six regions contributed to the Group's overall operating profit of £8.0M. The main contributors were, once again, Southern and Chester. Nevertheless the improvements at Northern, where market conditions continued to be challenging, and at Midlands, contributed materially to the increase in Group operating profit in 1997; these two regions had a significant adverse impact on the



Group's results in the previous year and the turnaround was approximately £3M at the operating level. Yorkshire struggled with static market conditions and its operating profits were marginally below those achieved in 1996. During the second half of the year, the Group established a new business in the South West of England and its level

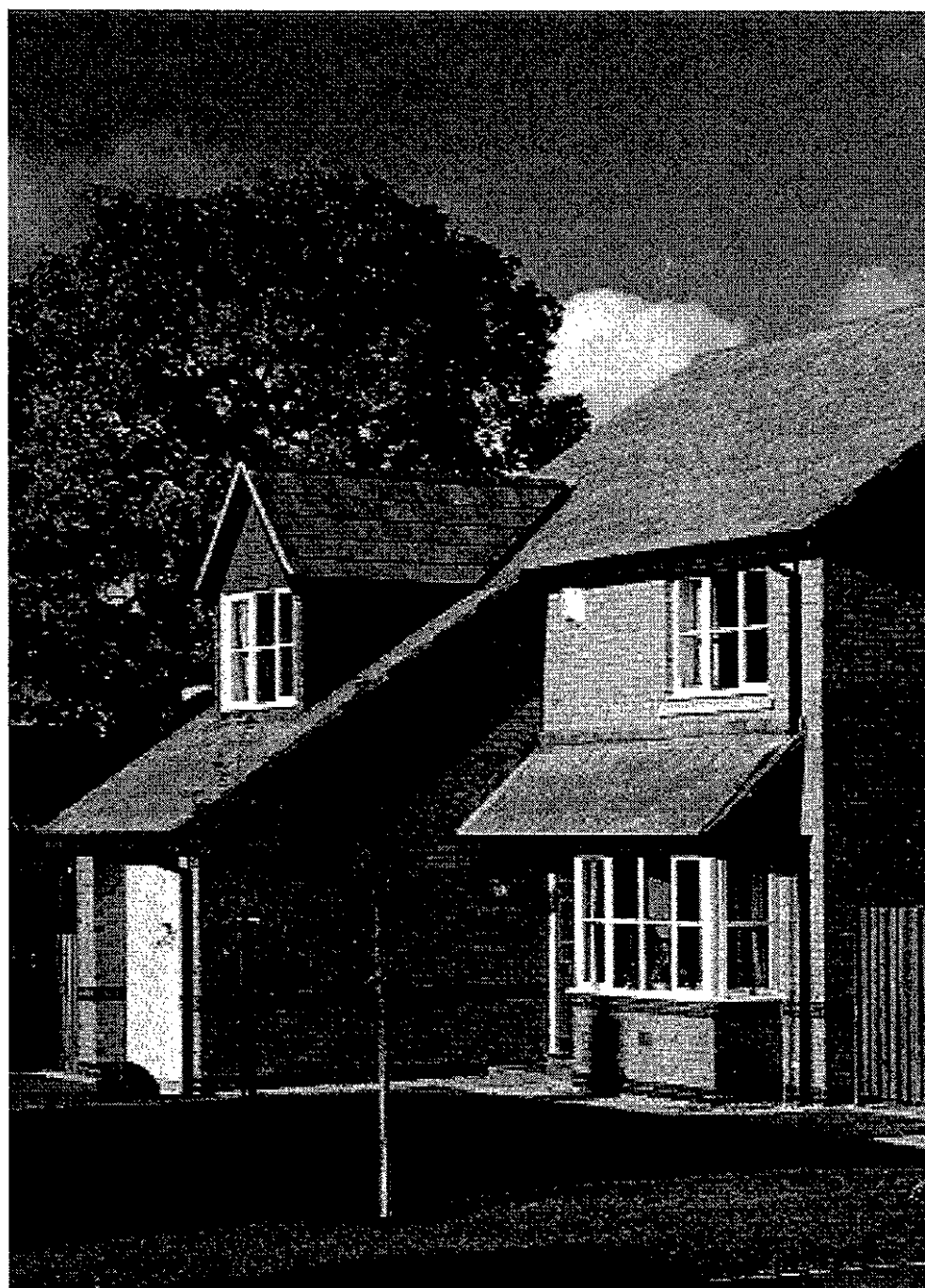


of reservations have exceeded original expectations; it also recorded an operating profit despite having only commenced trading in the latter part of the year.

#### **Land**

Other than people, land is our most valuable asset and we have been successful in accumulating impressive additions to our land bank throughout the year. This land has been acquired at very sensible prices which underwrites our long term future.

Our current land bank equates to almost 4 years production at present levels and therefore removes the imperative to have to buy land in a competitive market at unacceptable prices. In addition to our current land bank, the Group has approximately 1000 acres under option or secured by means of controlling access or similar device. It is expected that



approximately 200 plots a year will be released from this source for the foreseeable future. All land in this category is secured at a discount to open market value when the land ultimately obtains planning consent.

We believe growth will be achieved by being the best regional, professional developer, rather than

the biggest volume producer. We believe there is an inconsistency in chasing volumes where the basic resource, land, is in scarce supply.

#### **Capital employed**

The Group had a £24.5M cash inflow from operations in the year ended 4 April 1997 (1996: £4.8M outflow) through increased profits and by



## Chief Executive's Report



reducing its levels of construction work in progress by £8.4M to £21.4M (1996: £29.8M). As a result, at 4 April 1997, the Group had net cash balances of £1.5M as compared to 31 March 1996 when the Group had net debt of £17.5M.

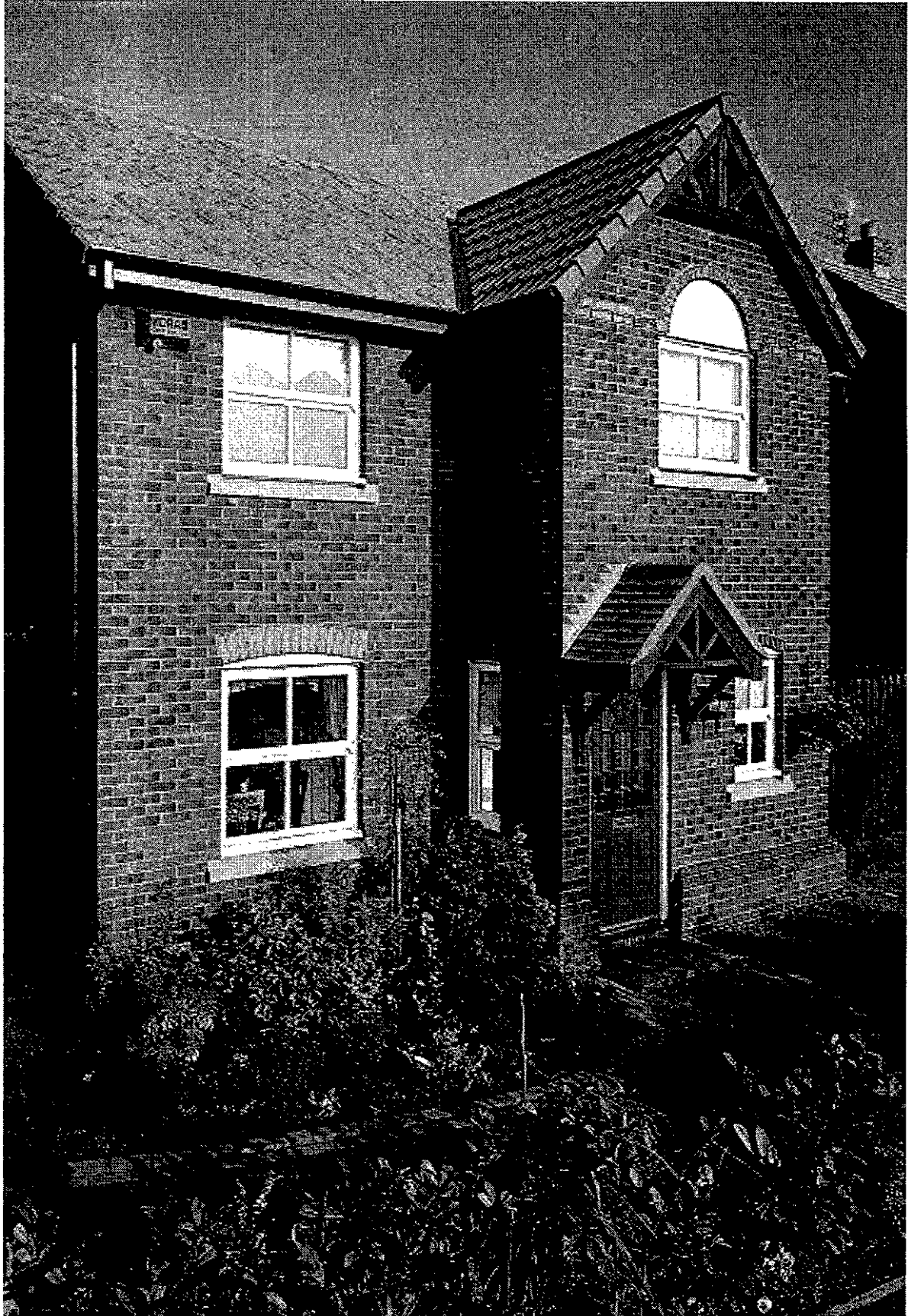
We developed a part exchange policy earlier in the year which focuses on

marketability and selectivity when a part exchange house is being considered for purchase. The policy is working well and is reflected in the gradual reduction of overall part exchange stock levels which were unacceptably high at the beginning of the financial year.

The tight management control of work in progress and part exchange,

which was maintained throughout the year, has resulted in an increase in the Group's rate of return on capital employed to 10.6% (1996: 4.6%) with every £1 invested generating £1.40 of turnover (1996: £1.16).

At 4 April 1997, the Group owned 266 part exchange properties of which 119 were reserved for onward



## Chief Executive's Report

resale. Due to the level of legal completions in March, the level of part exchange properties at 4 April 1997 was significantly higher than the average for the year. At the date of this report the Group owned 199 part exchange properties.

The foregoing, together with the improved forward sales position, provides a firm foundation for improved cashflow in the current year.

### Earnings per share and dividends

The profit after taxation of £4.5M produced earnings per share of 7.1p. In view of the improved prospects of the business, the Board has proposed that the dividend for the year be increased from 4.5p to 4.75p. Whilst dividend cover is only 1.5 times it remains the Board's objective that future dividends are at least twice covered by earnings.

This last year has inevitably been a testing time for all the Group's employees and I am most grateful to the re-organised management team for their commitment and support and, of course, to all the rest of the staff for their contribution to our achievements so far.



William Ainscough  
17 June 1997



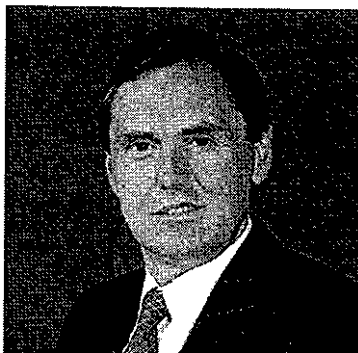
## Board of Directors



**Gavin Reed (Age 62)**

*Non-executive Chairman*

Gavin Reed was appointed non-executive Chairman on 31 January 1994. He has considerable experience of public companies. He is a non-executive director of John Menzies plc, Ivory & Sime Enterprise Capital plc, and Burtonwood Brewery Plc. He was formerly the Vice Chairman of Scottish & Newcastle plc.



**William Ainscough (Age 48)**

*Dip.Arch. Chief Executive*

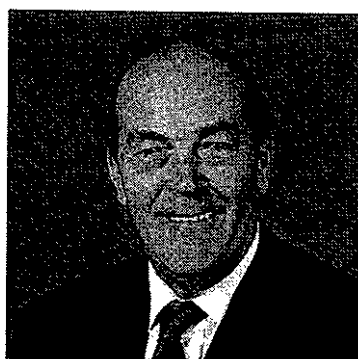
William Ainscough founded what is now Wainhomes (Northern) Ltd in 1972. He was appointed a Director of Wainhomes at the time of the merger in 1989 and was Chairman of the Group from June 1990 until January 1994. He was appointed Group Chief Executive in January 1996.



**Stephen Owen (Age 35)**

*ACA, ATII, Group Finance Director*

Stephen Owen joined Wainhomes in 1991 as Group Accountant. In 1992 he was appointed Group Company Secretary and was appointed Group Finance Director in 1993.



**John Cassidy (Age 62)**

*FCA, Group Operations Director*

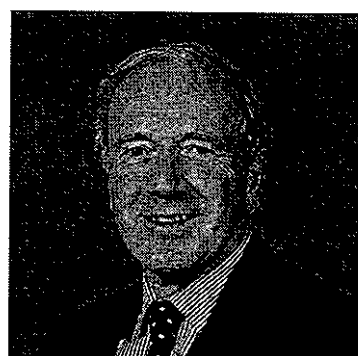
John Cassidy was formerly Group Finance Director of Barratt Developments Plc and subsequently its Deputy Chairman, a position which he held from 1975 until 1980. He joined the Board in a non-executive capacity in February 1989. He was appointed Group Operations Director in April 1996.



**Trevor Hemmings (Age 62)**

*FFB, Non-executive*

Trevor Hemmings was Chairman of the Group from July 1987 until June 1990. He now serves in a non-executive capacity. He has a number of business interests and controls a substantial diversified group of companies with property and leisure related activities. He has recently retired from Scottish & Newcastle plc where he headed the leisure division. Trevor Hemmings is also a non-executive director of Macdonald Hotels Plc.



**Stewart Douglas-Mann (Age 59)**

*Non-executive*

Stewart Douglas-Mann was appointed a non-executive director in April 1996. With extensive corporate finance and legal experience, as well as being a former Managing Director of The Stock Exchange, he is currently Senior Corporate Finance Director at Guinness Mahon & Co.

**Directors**

G B Reed (*Chairman*)  
W Ainscough (*Chief Executive*) *Dip.Arch.*  
*M.C.I.O.B.*  
J Cassidy *F.C.A.*  
T J Hemmings *FEB.*  
S C H Douglas-Mann  
S J Owen *A.C.A. A.T.I.I.*

**Secretary**

S J Owen *A.C.A. A.T.I.I.*

**Solicitors**

MacLay Murray & Spens  
3 Glenfinlas Street  
Edinburgh  
EH3 6AQ

**Auditors**

KPMG Audit Plc  
Richmond House  
Rumford Place  
Liverpool  
L3 9QY

**Bankers**

Bank of Scotland  
The Mound  
Edinburgh  
EH1 1YZ

Midland Bank  
Patten House  
Moulders Lane  
Warrington  
WA1 2BB

**Brokers**

NatWest Securities Ltd  
135 Bishopsgate  
London  
EC2M 3XT

**Registrars**

Bank of Scotland  
Apex House  
9 Haddington Place  
Edinburgh  
EH7 4AL

**Registered Office**

Wainhomes plc  
(Registered Number - 1986430)  
The Beeches  
Chester  
CH2 1PE

Telephone: 01244 310421  
Fax: 01244 341924

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**Corporate Information****NORTH WALES, CHESHIRE  
AND MERSEYSIDE**

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The Beeches  
Chester  
CH2 1PE  
Telephone: 01244 310421

**SOUTH OF ENGLAND**

**Wainhomes (Southern) Limited**  
Rivermead House  
The Meads  
Romsey  
SO51 8HY  
Telephone: 01794 511144

**SOUTH WEST**

**Wainhomes (South West) Limited**  
Unit 7D  
Cranmere Road  
Exeter Road Industrial Estate  
Okehampton  
EX20 1UE  
Telephone: 01837 552777

**NORTH WEST**

**Wainhomes (Northern) Limited**  
Bradley Lane  
Standish  
Wigan  
WN6 OXN  
Telephone: 01257 425511

**YORKSHIRE**

**Wainhomes (Yorkshire) Limited**  
148 Lawrence Street  
York  
YO1 3EB  
Telephone: 01904 431444

**MIDLANDS**

**Wainhomes (Midlands) Limited**  
8 Euston Place  
Leamington Spa  
CV32 4LN  
Telephone: 01926 886088



## Corporate Governance

### Code of Best Practice

The Board is supportive of the highest standards of corporate governance and the Company has complied with the Code of Best Practice on the Financial Aspects of Corporate Governance for the whole of the financial year.

### The Board

The Board, which comprises three executives and three non-executive directors, meets regularly throughout each year and has a formal schedule of matters reserved for consideration and decision. This includes the approval of strategy recommendations and budgets as well as significant operational and financial management matters.

Any director may, in furtherance of his duties, take independent professional advice where necessary, at the expense of the Company. All directors have access to the Company Secretary, whose appointment and removal are matters for the Board as a whole.

### Internal Financial Control

The Board of Directors acknowledges overall responsibility for the Group's system of internal financial control. Group systems of internal financial control can only provide reasonable and not absolute assurance against material mis-statement or loss. The full Board meets regularly and has formally adopted a schedule of matters which are required to be brought to it for decision. This schedule includes appropriate strategic, financial, operational and compliance issues.

The Board has put in place an organisational structure with clearly defined lines of responsibility and delegation of authority. An Audit Committee reviews the effectiveness of the internal financial control environment of the Group and

reports to the Board on a regular basis.

One area of particular risk to a housebuilder is the acquisition of sites for development. For a number of years the Group has operated a Land Committee, consisting of Group Board Members, which is required to approve and authorise all the Group's land purchases. In addition to this responsibility, the Committee assesses on an ongoing basis the effectiveness of the land appraisal procedures.

The Board has delegated to executive management the implementation of the system of internal financial control throughout the Group. This includes financial controls which enable the Board to meet its responsibilities for the integrity and accuracy of the Group's accounting records.

Each subsidiary has a board which meets monthly and is chaired by a member of the Group Board. Performance is monitored against detailed budgets and revised forecasts are updated monthly.

The Group has a rolling programme of internal control review, carried out by a multi-disciplinary team, designed to cover all companies in the Group. This team reports to Group management and the Audit Committee.

The Group Board reviews and approves budgets and monitors the Group's performance against those budgets. The Group's cashflow is monitored monthly against a rolling twelve month forecast.

### The Audit Committee

During the year the Audit Committee was chaired by Stewart Douglas-Mann. It comprises all the non-executive Directors and meets twice a year. Its terms of reference

include the review of the annual and interim financial statements, the accounting and treasury policies of the Company and its subsidiary undertakings, management and financial controls, statutory and other external compliance requirements. It also reviews the planning, scope and results of external auditors' programmes. It receives reports from the external auditors who, together with the Group Chief Executive and the Group Finance Director, attend meetings at the invitation of the Committee, as required.

### Funding and Treasury policy

The Group's treasury function operates within a detailed policy approved by the Board. Each company has its own bank account which is managed within a group offset facility enabling a cost effective management of funds.

The Group bank facilities total £45M of which £10M is a term loan repayable in March 1999, £20M is a committed revolving credit facility and £15M is an overdraft facility. The facilities are secured by fixed and floating charges over the assets of the Company and its subsidiary undertakings.

### Remuneration Committee

The Remuneration Committee comprises all the non-executive Directors and is chaired by Gavin Reed. The report of the Remuneration Committee is included on pages 15 to 16.

### Going Concern

After making due enquiries, the directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.



### **Composition**

The Remuneration Committee comprises the three non-executive directors and is chaired by Gavin Reed. Its responsibilities are the consideration and approval of all Board and senior executive appointments within the Group, together with related terms of service, remuneration and benefits.

### **Remuneration Policy**

The Committee aims to ensure that remuneration packages are designed to attract, retain and motivate Group executive directors and senior executives of subsidiaries. In framing its remuneration policy, the Committee has given full consideration to Section B of the best practice provisions annexed to the Listing Rules made by the London Stock Exchange. The Committee confirms that throughout the accounting period the Company complied with the best practice provisions set out in section A of the annex to the Listing Rules.

The Group has performance-related reward policies in which targets are measurable. A proportion of remuneration is dependent upon the achievement of superior results. In this way, shareholders and employees share in the success of the Group.

The main components of remuneration are:

#### *(i) Basic salary*

Basic salary is set by the Committee and is determined after a review of performance. Information is sought from independent sources on the rate of salary for similar jobs in comparable companies.

#### *(ii) Benefits in kind*

Benefits comprise principally the provision of company cars and private medical insurance.

#### *(iii) Annual bonus*

Each year the committee reviews the annual performance bonus scheme and sets targets which are currently geared to profit and return on capital. The criteria for performance awards are linked to budget, which has been reviewed and accepted as challenging by the committee. The maximum bonus achievable is 50% of salary. In 1997 the executive directors were each awarded a bonus of 20% of salary.

#### *(iv) Share options*

The Group believes that share ownership by executive directors and senior executives strengthens the link between their personal interests and those of the shareholders. As a result, share options have been granted under three schemes.

The Company has two executive share option schemes, the 1990 Scheme and the 1994 Scheme and a savings related share option scheme.

Options under both executive schemes are normally only exercisable after the expiry of three years from their date of grant and will lapse if not exercised within 10 years from the date of grant. Options under the 1990 Executive Scheme are normally only exercisable if there has been a compound growth in the Company's earnings per share over a three year period. Options under the 1994 Executive Scheme are normally only exercisable if the growth in the Company's earnings per share has exceeded the growth in the Retail Price Index plus 2% over a three year period.

Options under the 1990 savings related share option scheme are exercisable normally during the period of six months following the fifth anniversary of the commencement of the savings related contract.

## **Report of the Remuneration Committee**

### **Contracts of Service**

In normal circumstances the rolling service agreements of John Cassidy and Stephen Owen are terminable by the Company by one and two years notice respectively. Policy in this regard takes into account the length of service, age and competitive practice. Bill Ainscough does not have a service contract.

The appointments of Gavin Reed, Trevor Hemmings and Stewart Douglas-Mann as non-executive directors, in addition to being subject to a resolution for re-election at three yearly intervals, if appropriate, is subject to a formal review by the Board at intervals not exceeding every three years. The letters of appointment in respect of Gavin Reed and Trevor Hemmings are dated 28 February 1994. Stewart Douglas-Mann was appointed on the 3 April 1996. The remuneration of non-executive directors is set by the executive directors who give consideration to comparable companies.

Except for the contract set out in Note 22 to the accounts, there were no significant contracts entered into during the year to which the Company or its subsidiary undertakings was party and in which a director of the Company was materially interested.

### **Executive Directors' Pensions Policy**

Executive Directors are entitled to membership of the Wainhomes plc Pension Scheme on exactly the same terms as other employees. The details of the Pension Scheme are set out in Note 4 to the accounts.

## Report of the Remuneration Committee

Directors' emoluments	Basic salary/fee	Performance related	Benefits	Total emoluments excluding pensions		Pensions	
	£000	£000	£000	1997 £000	1996 £000	1997 £000	1996 £000
G B Reed (Chairman)	31	-	-	31	30	-	-
W Ainscough	154	33	7	194	74	-	-
J Cassidy	102	22	6	130	39	7	-
S J Owen	72	15	9	96	70	6	5
T J Hemmings	19	-	-	19	18	-	-
S C H Douglas-Mann	19	-	-	19	-	-	-
R Smith	-	-	-	-	133	-	10
<b>Total</b>	<b>397</b>	<b>70</b>	<b>22</b>	<b>489</b>	<b>364</b>	<b>13</b>	<b>15</b>

### Notes:

- (i) William Ainscough was appointed as Group Chief Executive on 17 January 1996.
- (ii) John Cassidy was appointed Group Operations Director on 3 April 1996.
- (iii) Stewart Douglas-Mann was appointed a non-executive director on 3 April 1996.

### Directors' interests

Beneficial interests of the directors in office at the 4 April 1997 and other persons connected with them in the ordinary share capital of the Company are shown below:

	4 April 1997		31 March 1996	
	Fully paid	Share options	Fully paid	Share options
G B Reed	42,353	-	42,353	-
W Ainscough - Beneficial	14,601,500	-	14,341,000	-
- Non-Beneficial	520,000	-	520,000	-
J Cassidy	27,500	28,893	7,500	-
S J Owen	10,382	107,464	5,882	107,464
T J Hemmings	9,331,335	-	9,331,335	-
S C H Douglas-Mann	11,142	-	11,142	-

During the year ended 4 April 1997 the Company granted share options to John Cassidy, the details of which are set out below. The interests of the directors have remained unchanged since 4 April 1997.

### Share options

No director exercised share options during the year. The market price of the shares at 4 April 1997 was 128.5p and the range during the year ended 4 April 1997 was 84.0p to 134.0p. Details of the share options held by directors are as follows:

	Number	Exercise price	Date of grant
<b>Stephen Owen</b>			
Executive Scheme (1990)	52,000	69.23p	2 November 1993
Executive Scheme (1994)	30,000	116.00p	19 December 1994
Savings Related Scheme (1990)	17,063	55.38p	12 November 1993
Savings Related Scheme (1990)	8,401	92.80p	10 January 1995
<b>John Cassidy</b>			
Executive Scheme (1994)	28,893	108.30p	18 December 1996

*The directors have pleasure in presenting their Report and Accounts for the year ended 4 April 1997.*

### Principal activity and business review

The principal activity of the Group is housebuilding. The profit for the year before tax was £6.7M (1996: £2.1M). The Group profit and loss account for the year is presented on page 20.

A review of the Group's performance and prospects is set out in the reports of the Chairman and of the Chief Executive.

### Dividends

The profit for the financial year, after taxation, amounted to £4.5M (1996: £1.2M). An interim dividend of 1.5p per ordinary share (1996: 1.5p) was paid in January 1997 and it is proposed to pay a final dividend of 3.25p on 15 August 1997 to shareholders on the register at the close of business on 27 June 1997. The payment of these dividends amounts to £3.0M (1996: £2.8M).

### Employees

The Group has maintained its commitment to employee involvement throughout the business. Staff are kept well informed of the performance and objectives of the Group through regular meetings.

We have a well established pension scheme and a savings related share option scheme, memberships of which are service related.

It is Group policy to give fair consideration to the employment needs of disabled people and to comply with the current legislation with regards to disabled persons.

### Policy on payment of creditors

It is the policy of the Company to agree terms of payment when orders for goods and services are placed and to adhere to those arrangements when making payment. In the accounts of the Company, the average days purchases outstanding at 4 April 1997 totalled sixty six days.

### Share capital

Details of share capital are set out in Note 16 to the accounts.

### Directors and their interests

The present directors are listed on page 13 and brief biographical details are provided on page 12. The interests in the share capital of

## Directors' Report

for the year ended 4 April 1997

Wainhomes plc (all of which unless otherwise stated are beneficial) of the directors and any other persons connected with them are set out in the report of the Remuneration Committee.

In accordance with Article 91 of the Company's Articles of Association, S J Owen and W Ainscough retire by rotation and being eligible, offer themselves for re-election.

### Substantial shareholdings

Included in the beneficial interests of the directors (and any persons connected with them), as set out in the report of the Remuneration Committee, are the following interests representing 3% or more of the issued ordinary share capital of the Company:

	Number of ordinary shares	%
Mrs E R Ainscough ( <i>wife of W Ainscough</i> )	4,814,500	7.7
Guild Ventures Limited ( <i>connected with TJ Hemmings</i> )	2,221,830	3.5

The directors have been notified of the following interests which are greater than 3% of the issued share capital of the Company:

	Number of ordinary shares	%
Prudential Assurance Co. Ltd	3,166,000	5.0
Scottish Amicable Investment Managers Ltd	2,695,000	4.3

There have been no changes in substantial shareholdings between the year end and the date of the Directors' Report.

*The directors have pleasure in presenting their Report and Accounts for the year ended 4 April 1997.*

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## Directors' Report

for the year ended 4 April 1997

Wainhomes plc (all of which unless otherwise stated are beneficial) of the directors and any other persons connected with them are set out in the report of the Remuneration Committee.

In accordance with Article 91 of the Company's Articles of Association, S J Owen and W Ainscough retire by rotation and being eligible, offer themselves for re-election.

### Substantial shareholdings

Included in the beneficial interests of the directors (and any persons connected with them), as set out in the report of the Remuneration Committee, are the following interests representing 3% or more of the issued ordinary share capital of the Company:

	Number of ordinary shares	%
Mrs E R Ainscough ( <i>wife of W Ainscough</i> )	4,814,500	7.7
Guild Ventures Limited ( <i>connected with TJ Hemmings</i> )	2,221,830	3.5

The directors have been notified of the following interests which are greater than 3% of the issued share capital of the Company:

	Number of ordinary shares	%
Prudential Assurance Co. Ltd	3,166,000	5.0
Scottish Amicable Investment Managers Ltd	2,695,000	4.3

There have been no changes in substantial shareholdings between the year end and the date of the Directors' Report.

## Directors' Report

for the year ended 4 April 1997

### Tax status

In the opinion of the directors the close company provisions of the Income & Corporation Taxes Act 1988 do not apply to the Company.

### Charitable and political donations

During the year donations of £1,118 were made for charitable purposes. No political contributions were made during the year.

### A.G.M. special business resolution

At the forthcoming annual general meeting, shareholders will be invited to extend for a period not exceeding 15 months certain authorities of the directors with regard to the allotment of shares in the Company.

The terms of the resolution, to be proposed as a special resolution, are set out at agenda item number 6 in the notice of meeting. Part A of the resolution provides that the directors be authorised to allot the unissued ordinary shares in the Company up to a nominal amount of £2,086,406 which represents approximately one third of the presently issued share capital of the Company. Part B of that resolution provides that the directors be authorised to allot ordinary shares in the Company without applying the statutory pre-emption provisions either in a rights issue for cash proportionate to the existing holdings of ordinary shareholders or, in any other allotment for cash up to a maximum equal to approximately five per cent of the presently issued ordinary share capital of the Company. Except for the issue of shares pursuant to the Company's share option schemes, the directors have no present intention of issuing any part of the unissued share capital.

### CREST

CREST became operational in July 1996 and the Company's ordinary shares successfully joined the system on 24 February 1997. Shareholders can now hold and transfer their shareholdings in electronic form if they so wish. This is a voluntary system and any shareholder wishing to retain their holding in certificated form may do so.

### Auditors

A resolution is to be proposed at the annual general meeting for the reappointment of KPMG Audit Plc as auditors of the Company.


### Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss for that period. In preparing those financial statements, the directors are required to:


- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping proper accounting records

which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

  
By Order of the Board  
17 June 1997

S J Owen  
Company Secretary

  
17 June 1997

## **Report of the Auditors KPMG Audit Plc**

to the members of Wainhomes plc

We have audited the financial statements on pages 20 to 35. We have also examined the amounts disclosed relating to emoluments, share options and long term incentive scheme interests of the directors which form part of the Remuneration Committee report on pages 15 and 16.

### **Respective responsibilities of directors and auditors**

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

### **Basis of opinion**

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

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

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 4 April 1997 and of the profit of the Group for the financial year then ended and have been properly prepared in accordance with the Companies Act 1985.

### **Review report by KPMG Audit Plc to Wainhomes plc on corporate governance matters**

In addition to our audit of the financial statements, we have reviewed the directors' statement on page 14 on the Company's compliance with the paragraphs of the Cadbury Code of Best Practice specified for our review by the London Stock Exchange and their adoption of the going concern basis in preparing the financial statements. The objective of our review is to draw attention to non-compliance with the Listing Rules 12.43(j) and 12.43(v).

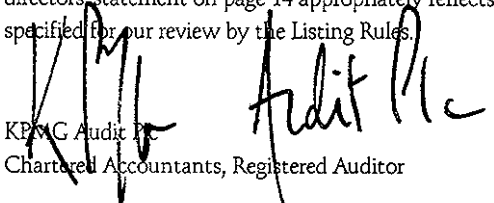
### **Basis of opinion**

We carried out our review in accordance with guidance issued by the Auditing Practices Board. This guidance does not require us to perform any additional work necessary to express a separate opinion on the effectiveness of either the Group's system of internal financial control or the Company's corporate governance procedures, or on the ability of the Group to continue in operational existence.

### **Opinion**

With respect to the directors' statements on internal financial control on page 14, and going concern on page 14, in our opinion the directors have provided the disclosures required by the Listing Rules and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain directors and officers of the Company, and examination of relevant documents, in our opinion the directors' statement on page 14 appropriately reflects the Company's compliance with the other paragraphs of the Code specified for our review by the Listing Rules.

  
KPMG Audit Plc  
Chartered Accountants, Registered Auditor

17 June 1997



## Group Profit & Loss Account

for the financial year ended 4 April 1997

	Notes	1997 £000	1996 £000
Turnover	2	<b>105,610</b>	95,985
Cost of sales		<b>(86,243)</b>	(80,772)
Gross profit		<b>19,367</b>	15,213
Share of profits of associated undertakings		-	9
Marketing and administrative expenses		<b>(11,368)</b>	(11,472)
Operating profit		<b>7,999</b>	3,750
Net interest payable	3	<b>(1,317)</b>	(1,675)
Profit on ordinary activities before taxation	2	<b>6,682</b>	2,075
Taxation on profit on ordinary activities	5	<b>(2,216)</b>	(855)
Profit on ordinary activities for the financial year		<b>4,466</b>	1,220
Equity dividends paid and proposed	7	<b>(2,972)</b>	(2,807)
Profit/(loss) retained		<b>1,494</b>	(1,587)
Earnings per share	8	<b>7.1p</b>	2.0p

All turnover and operating profits are derived from continuing operations in both the current and preceding year. In addition there are no recognised gains or losses other than those disclosed in the profit and loss account.

The notes on pages 24 to 35 form part of these accounts.

## Group Balance Sheet

at 4 April 1997

	Notes	4 April 1997 £000	31 March 1996 £000
<b>Fixed assets</b>			
Tangible fixed assets	9	2,035	1,791
Investments	10	63	56
		<b>2,098</b>	<b>1,847</b>
<b>Current assets</b>			
Stocks	11	111,382	97,168
Debtors	12	2,452	2,373
Cash at bank and in hand		12,418	6,357
		<b>126,252</b>	<b>105,898</b>
<b>Creditors: amounts falling due within one year</b>	13	<b>(33,055)</b>	<b>(37,849)</b>
<b>Net current assets</b>		<b>93,197</b>	<b>68,049</b>
<b>Total assets less current liabilities</b>		<b>95,295</b>	<b>69,896</b>
<b>Creditors: amounts falling due after more than one year</b>	14	<b>(35,889)</b>	<b>(12,142)</b>
<b>Net assets</b>		<b>59,406</b>	<b>57,754</b>
<b>Share capital and reserves</b>			
Called up share capital	16	6,259	6,239
Share premium account	17	28,881	28,743
Capital reserve	17	3,067	3,067
Profit and loss account	17	21,199	19,705
<b>Equity shareholders' funds</b>	1	<b>59,406</b>	<b>57,754</b>

Approved by the Board on 17 June 1997 and signed on its behalf by

Directors

*G B Reed*  
G B Reed  
*S J Owen*  
S J Owen

14/6/97

The notes on pages 24 to 35 form part of these accounts.

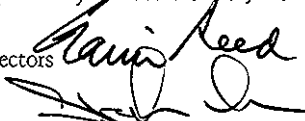
# Company Balance Sheet

at 4 April 1997

	Notes	4 April 1997 £000	31 March 1996 £000
<b>Fixed assets</b>			
Tangible fixed assets	9	134	111
Investments	10	36,846	32,341
		<b>36,980</b>	32,452
<b>Current assets</b>			
Debtors	12	39,998	29,618
Cash at bank and in hand		1,917	4,596
		<b>41,915</b>	34,214
<b>Creditors: amounts falling due within one year</b>	13	<b>(7,726)</b>	(15,558)
<b>Net current assets</b>		<b>34,189</b>	18,656
<b>Total assets less current liabilities</b>		<b>71,169</b>	51,108
<b>Creditors: amounts falling due after more than one year</b>	14	<b>(30,077)</b>	(10,000)
<b>Net assets</b>		<b>41,092</b>	41,108
<b>Share capital and reserves</b>			
Called up share capital	16	6,259	6,239
Share premium account	17	28,881	28,743
Capital reserve	17	190	190
Profit and loss account	17	5,762	5,936
<b>Equity shareholders' funds</b>		<b>41,092</b>	41,108

Approved by the Board on 17 June 1997 and signed on its behalf by

Directors



G B Reed  
S J Owen

17/6/97

The notes on pages 24 to 35 form part of these accounts.

## Group Cash Flow Statement

for the financial year ended 4 April 1997

	Notes	1997 £000	1996 £000
<b>Net cash inflow/(outflow) from operating activities</b>	20	<b>24,492</b>	<b>(4,765)</b>
<b>Returns on investments and servicing of finance</b>			
Interest received		-	25
Interest paid		(1,317)	(1,700)
		<b>(1,317)</b>	<b>(1,675)</b>
<b>Taxation</b>		<b>(989)</b>	<b>(3,398)</b>
<b>Capital expenditure</b>			
Purchase of tangible fixed assets		(801)	(702)
Sale of tangible fixed assets		206	1,048
Sale of ground rents		85	667
		<b>(510)</b>	<b>1,013</b>
<b>Equity dividends paid</b>		<b>(2,810)</b>	<b>(2,802)</b>
<b>Net cash inflow/(outflow) before financing</b>		<b>18,866</b>	<b>(11,627)</b>
<b>Financing</b>			
Share issue	1	158	105
<b>Increase/(decrease) in cash</b>	21	<b>19,024</b>	<b>(11,522)</b>

This statement should be read in conjunction with notes 20 and 21

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## **Accounting Policies**

### **Basis of accounting**

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

### **Basis of consolidation**

The financial year end was the 4 April 1997. Due to the timing of Easter, this was the closest working Friday to the 31 March 1997, the Company's accounting reference date and the Company in line with the provisions of the Companies Act has drawn up the accounts to that date. As a result the profit and loss account covers the 369 day period ended on 4 April 1997, which compares to the year ended 31 March 1996. All subsidiary undertakings have prepared their accounts to the 4 April 1997. The consolidated accounts of the Group comprise the accounts of Wainhomes plc and all its subsidiary undertakings. As permitted by the Companies Act 1985 a separate Company profit and loss account is not presented.

### **Associated undertakings**

The consolidated profit and loss account includes the Group's share of associated undertakings' profits less losses. The post-acquisition profits less losses are added to the cost of the investment in the balance sheet.

### **Turnover**

Turnover represents housebuilding sales and excludes sales of undeveloped land and part exchange properties. Housebuilding sales are recognised on legal completion of conveyance. Profit is also taken at this time, losses being provided for when identified. Undeveloped land and part exchange profits and losses are dealt with in cost of sales and turnover respectively.

### **Depreciation**

Depreciation is provided on a straight line basis over the expected useful lives of the relevant assets at the following rates - buildings: 2 per cent, plant and machinery: 10 per cent to 25 per cent.

### **Investment in ground rents**

The investment represents the reversionary freehold interest in respect of land that has been sold on a long leasehold basis. The amount capitalised represents the equivalent of five years ground rent receivable on the leases.

### **Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost to the Group and net realisable value and include, where appropriate, an element of site overheads.

### **Deferred taxation**

Deferred taxation is provided using the liability method on material timing differences where there is a reasonable probability that a liability will arise.

### **Operating leases**

Rentals payable under operating leases are charged to profit and loss over the period of the operating lease on a straight line basis.

### **Pension costs**

It is the policy of the Group to fund pension liabilities on the advice of external actuaries. Independent actuarial valuations are carried out every three years. Surpluses are credited to profit and loss as variations from the regular pension cost over the average remaining service lives of employees.

### **Cash flow statement**

Changes in the presentation of the Group Cashflow Statement have been made consequent upon the adoption of the revised Financial Reporting Standard number 1, Cashflow Statements. Comparative figures have been restated in accordance with the revised standard.

## Notes to the Accounts

for the year ended 4 April 1997

	Notes	Group 1997 £000	1996 £000
<b>1. Reconciliation of movements in shareholders' funds for the financial year ended 4 April 1997</b>			
Profit after taxation		<b>4,466</b>	1,220
Dividends	7	<b>(2,972)</b>	(2,807)
Share capital issued	16	<b>20</b>	15
Share premium issued	16	<b>138</b>	90
Net increase/(decrease) in shareholders' funds		<b>1,652</b>	(1,482)
1 April 1996 opening shareholders' funds		<b>57,754</b>	59,236
<b>4 April 1997 closing shareholders' funds</b>		<b>59,406</b>	57,754
		<b>1997 £000</b>	1996 £000

## 2. Turnover and profit on ordinary activities before taxation

Turnover and profit on ordinary activities before taxation relate to the Group's principal activity of housebuilding.

Profit on ordinary activities is stated after (crediting)/charging:

Loss/(profit) on disposal of fixed assets	<b>9</b>	(12)
Depreciation	<b>342</b>	545
Operating lease rentals	<b>394</b>	263
Auditor's remuneration: Audit	<b>58</b>	55
Other to auditors and their associates	<b>16</b>	88
Profit on sale of ground rents	<b>(52)</b>	(322)

The audit fee in relation to the Company was £7,000 (1996: £2,000)

The following exceptional costs were incurred in the year ended 31 March 1996

	£000
Midlands rationalisation costs	400
Other redundancies	300
Advisers' costs	200

These costs were included within the statutory format headings to which they relate



## Notes to the Accounts

for the year ended 4 April 1997

	1997 £000	1996 £000
<b>3. Net interest payable</b>		
Interest payable on:		
Bank loans, overdrafts and other loans wholly repayable within five years	1,317	1,700
Less interest receivable	-	(25)
	<b>1,317</b>	<b>1,675</b>

	Number	Number
	1997	1996
<b>4. Staff costs</b>		
The average number of persons employed by the Group was	328	354

	£000	£000
Employment costs, including directors' emoluments, during the year amounted to:		
Wages and salaries	6,070	6,265
Social security costs	525	544
Other pension costs	244	244
	<b>6,839</b>	<b>7,053</b>

	1997		1996	
	£000	£000	£000	£000
Directors' remuneration				
Directors' fees		69		125
Executive directors:				
Remuneration	350		239	
Performance bonus	70		-	
Pension contributions	13		15	
		<b>433</b>		<b>254</b>
		<b>502</b>		<b>379</b>

Compensation for loss of office of £225,000 was paid to R Smith in December 1996. This amount had been fully provided for in the accounts for the year ended 31 March 1996.

The details of directors' emoluments and share options are set out in the report of the Remuneration Committee.

The Group operates a defined benefit pension scheme, the assets of which are held in a separate trustee administered fund.

The latest independent actuarial assessment of the fund was at 1 April 1996. The valuation at this date reflected sufficient assets to cover 111% of the benefits accrued to members after allowing for future increases in earnings. The market value of the assets at the date of the actuarial assessment was £3,989,051.

The assumptions which have the most significant effect on the results of the valuation, are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that investment returns would be 9% per annum and that salary increases would average 7% per annum.

The total pension cost to the Group for the year was £244,000 (1996: £244,000). Pension costs are charged evenly over employees' expected working service lives with the Group to the profit and loss account and assessed in accordance with the advice of qualified actuaries using the "projected unit" method of valuation.

	1997 £000	1996 £000
<b>5. Taxation</b>		
Corporation tax on profit for the year at 33% (1996: 33%)	2,214	830
Adjustments relating to prior years	2	23
Associated undertakings	-	2
	<b>2,216</b>	<b>855</b>

#### 6. Profit after taxation

Profit after taxation amounting to £2,799,231 (1996: £895,454) has been dealt with in the accounts of the Company.

	1997 £000	1996 £000
<b>7. Equity dividends</b>		
Paid	938	935
Proposed	2,034	1,872
	<b>2,972</b>	<b>2,807</b>

#### 8. Earnings per ordinary share

The average number of shares in issue used in the calculation of earnings per share is 62,489,273 (1996: 62,319,624).

At 4 April 1997 there were 523,022 (1996: 1,069,116) options outstanding in respect of executive and savings related share options schemes. The fully diluted earnings per share was 7.1p (1996: 1.9p).

## Notes to the Accounts

for the year ended 4 April 1997

Group	Leasehold land & buildings £000	Freehold land & buildings £000	Plant & machinery £000	Total £000
<b>9. Tangible fixed assets</b>				
Cost				
At 1 April 1996	300	600	2,056	2,956
Additions	—	335	466	801
Disposals	—	—	(651)	(651)
<b>At 4 April 1997</b>	<b>300</b>	<b>935</b>	<b>1,871</b>	<b>3,106</b>
Depreciation				
At 1 April 1996	36	67	1,062	1,165
Provided during the year	6	12	324	342
Disposals	—	—	(436)	(436)
<b>At 4 April 1997</b>	<b>42</b>	<b>79</b>	<b>950</b>	<b>1,071</b>
<b>Net book value at 4 April 1997</b>	<b>258</b>	<b>856</b>	<b>921</b>	<b>2,035</b>
Net book value at 31 March 1996	264	533	994	1,791

The Group's leasehold land and buildings are held on a long lease.

Company	Plant & machinery £000	Total £000
Cost		
At 1 April 1996	163	163
Additions	111	111
Disposals	(76)	(76)
<b>At 4 April 1997</b>	<b>198</b>	<b>198</b>
Depreciation		
At 1 April 1996	52	52
Provided during the year	48	48
Disposals	(36)	(36)
<b>At 4 April 1997</b>	<b>64</b>	<b>64</b>
<b>Net book value at 4 April 1997</b>	<b>134</b>	<b>134</b>
Net book value at 31 March 1996	111	111

<b>Group</b>	<b>Shares in associated undertakings £000</b>	<b>Ground rents £000</b>	<b>Total £000</b>
<b>10. Investments</b>			
Net book value at 1 April 1996	7	49	56
Disposals	—	(33)	(33)
Additions	—	40	40
<b>Net book value at 4 April 1997</b>	<b>7</b>	<b>56</b>	<b>63</b>

The Group's investment in associated undertakings represents the cost of shares plus the post acquisition profits of the following companies:

	<b>Country of incorporation and operation</b>	<b>% of Ordinary shares held</b>
Brentmen Limited	England	33.33
Paycause Limited	England	33.33

The principal subsidiary undertakings listed below are those which significantly affect the amount of profits or assets of the Group.

	<b>Country of incorporation and operation</b>	<b>% of Ordinary Shares Held</b>
Wainhomes (Chester) Limited	England	100
Wainhomes (Northern) Limited	England	100
Wainhomes (Yorkshire) Limited	England	100
Wainhomes (Southern) Limited	England	100
Wainhomes (South West) Limited	England	100
Wainhomes (Midlands) Limited	England	100

Ground rents are capitalised at the equivalent of five years rental receivable and are deducted from cost of sales in the year of capitalisation.

## Notes to the Accounts

for the year ended 4 April 1997

Company	Loan stock in subsidiary undertakings £000	Shares in subsidiary undertakings £000	Total £000
<b>10. Investments (continued)</b>			
Net book value at 1 April 1996	6,370	25,971	32,341
Addition	–	6,000	6,000
Transfer of provision	–	(1,686)	(1,686)
Release of provision	–	191	191
<b>Net book value at 4 April 1997</b>	<b>6,370</b>	<b>30,476</b>	<b>36,846</b>

The loan stock does not carry interest and is redeemable at par at the Company's option or at any time by tender or private bargain at the issuer's option.

	Group		Company	
	1997 £000	1996 £000	1997 £000	1996 £000
<b>11. Stocks</b>				
Land	77,809	52,809	–	–
Construction work in progress	21,415	29,812	–	–
Part exchange properties	12,158	14,547	–	–
	<b>111,382</b>	<b>97,168</b>	<b>–</b>	<b>–</b>

	Group		Company	
	1997 £000	1996 £000	1997 £000	1996 £000
<b>12. Debtors</b>				
Trade debtors	1,445	1,063	–	1
Amounts owed by subsidiary undertakings	–	–	39,934	29,470
Other debtors	995	1,297	52	134
Called up share capital not paid	12	13	12	13
	<b>2,452</b>	<b>2,373</b>	<b>39,998</b>	<b>29,618</b>

Included within the Group's trade debtors is £223,704 recoverable in more than one year (1996: £247,000)

	Group		Company	
	1997	1996	1997	1996
	£000	£000	£000	£000
<b>13. Creditors: amounts falling due within one year</b>				
Bank overdraft (see note 14)	886	13,849	14	12,672
Trade creditors	9,883	8,396	137	232
Corporation tax	1,561	339	12	12
Advance corporation tax	705	700	–	–
Other taxes and social security costs	382	244	17	–
Proposed dividend	2,034	1,872	2,034	1,872
Land creditors	15,628	10,422	2,500	–
Accruals	1,969	2,027	281	390
Due to subsidiary undertakings	–	–	2,731	380
Due to undertakings in which the Company has a participating interest	7	–	–	–
	<b>33,055</b>	<b>37,849</b>	<b>7,726</b>	<b>15,558</b>

	Group		Company	
	1997	1996	1997	1996
	£000	£000	£000	£000
<b>14. Creditors: amounts falling due after more than one year</b>				
Land creditors	25,889	2,142	20,077	–
Bank loans	10,000	10,000	10,000	10,000
	<b>35,889</b>	<b>12,142</b>	<b>30,077</b>	<b>10,000</b>

#### Land creditors

Land creditors payable in more than five years total £10,598,000 (1996: nil) and £9,770,000 (1996: nil) for the Group and Company respectively. The major part of the Group and all of the Company's land creditor is payable at a minimum rate of £2,500,000 per annum or at a higher rate if the cumulative value of land developed exceed the cumulative land payments.

#### Bank loans

The term loan is repayable in one instalment on the 11 March 1999 or before this date at the Company's option. Bank loans and overdrafts are secured by a fixed and floating charge over the assets of the Company and its subsidiary undertakings.

#### 15. Deferred taxation

There is an excess of accounting depreciation over capital allowances and this together with other short term timing differences result in a potential deferred tax asset of £199,452 (1996: £225,637).



## Notes to the Accounts

for the year ended 4 April 1997

	1997		1996	
	Authorised	Issued & fully paid	Authorised	Issued & fully paid
	£	£	£	£
<b>16. Share capital</b>				
Ordinary shares of 10p each	10,000,000	6,259,219	10,000,000	6,238,699

During the year the Group allotted 205,229 10 pence ordinary shares for cash worth a nominal value of £20,520 and at a premium of £137,734 in respect of options exercised under the Savings Related Share Option Scheme 1990 and the 1990 Executive Scheme.

Directors and executives of the Group hold the following share options:

	Number	Exercise price	Date of grant
Executive Scheme 1990	104,000	82p	11 January 1991
Executive Scheme 1990	71,500	69p	2 November 1993
Executive Scheme 1994	55,000	116p	12 December 1994
Executive Scheme 1994	28,893	108p	18 December 1996

Details of the performance criteria are set out in the report of the Remuneration Committee. The latest date for exercise of the option is ten years from the date of grant.

Employees of the Group hold 263,629 options (1996: 535,116) under the Employee Savings Related Share Option Scheme 1990 exercisable on various dates up to 10 July 2002 at prices ranging from 55.38p to 92.8p.

<b>Group</b>	<b>Share premium £000</b>	<b>Capital reserve £000</b>	<b>Profit &amp; loss £000</b>	<b>Total reserves £000</b>
<b>17. Reserves</b>				
At 1 April 1996	28,743	3,067	19,705	51,515
Shares issued in the year	138	—	—	138
Retained profit for the year	—	—	1,494	1,494
<b>At 4 April 1997</b>	<b>28,881</b>	<b>3,067</b>	<b>21,199</b>	<b>53,147</b>

#### **Company**

At 1 April 1996	28,743	190	5,936	34,869
Shares issued in the year	138	—	—	138
Retained loss for the year	—	—	(174)	(174)
<b>At 4 April 1997</b>	<b>28,881</b>	<b>190</b>	<b>5,762</b>	<b>34,833</b>

#### **18. Contingent liabilities**

- (i) The Group has entered into counter indemnities in the normal course of business in respect of performance bonds.
- (ii) In 1989 a special dividend was declared to the then shareholders in the Company up to a maximum of £1,500,000. The dividend is payable upon the grant of planning permission for residential development acceptable to the Board in respect of a site comprising 90 acres in which the Group has a one third interest. In the event of such planning permission being granted, the value of the Group's investment in the site, which has already been written down by £3,700,000, would be significantly increased in excess of the maximum dividend payable.
- (iii) The Company has guaranteed the indebtedness of its subsidiaries of £1,920,805 (1996: £6,796,121).

## Notes to the Accounts

for the year ended 4 April 1997

	Land and buildings £000	Other £000
<b>19. Financial commitments</b>		
At 4 April 1997 the Group had annual commitments under non-cancellable operating leases as set out below:		
Operating leases which expire: within 1 year	3	45
within 2 - 5 years	35	311
	<b>1997</b>	1996
	<b>£000</b>	<b>£000</b>
<b>20. Reconciliation of operating profits to net cash inflow/ (outflow) from operating activities</b>		
Operating profit	7,999	3,750
Ground rents capitalised	(40)	(38)
Depreciation charges	351	533
Movement in stocks and work in progress	10,786	(7,775)
Movement of debtors	(79)	(556)
Movement of creditors	1,574	(532)
Movement in land less land creditor	3,953	148
Share of results in associated undertakings	-	27
Profit on sale of ground rents	(52)	(322)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>24,492</b>	<b>(4,765)</b>

	At 1 April 1996 £000	Cash flows £000	At 4 April 1997 £000
<b>21. Analysis of changes in net funds</b>			
Cash balances	6,357	6,061	<b>12,418</b>
Overdrafts	(13,849)	12,963	<b>(886)</b>
Net cash balances	(7,492)	19,024	<b>11,532</b>
Term loan	(10,000)	–	<b>(10,000)</b>
Net funds	(17,492)	19,024	<b>1,532</b>

## **22. Related party disclosure**

After a competitive bidding, Wainhomes (Southern) Limited has reached agreement subject to contract to purchase for residential development a former hotel site from Paragon Hotels Limited for a minimum consideration of £2,250,000. This consideration will be increased by £75 per square foot in the event that the planning permission exceeds 28,000 square feet of net saleable accommodation and also by one half of the movement in the Halifax house price index between exchange of contract and legal completion. Mr Trevor Hemmings is a director of Paragon Hotels Limited. The purchase is conditional upon approval by the shareholders of Wainhomes plc and receipt of satisfactory planning permission.

## Shareholder Information

### Report and accounts

The directors are required to present to the meeting the directors' and auditors' reports and accounts for the year ended 4 April 1997.

### Declaration of dividend

The proposed 1997 final dividend of 3.25p per share will be paid on 15 August 1997 to shareholders who are on the register at the close of business 27 June 1997.

### Re-election of directors

S J Owen and W Ainscough retire by rotation pursuant to Article 91 of the Company's Articles of Association. That article states that one third of the directors must retire annually, those doing so being those longest serving since last being re-elected.

### Re-appointment and remuneration of auditors

The appointment of auditors is a matter for shareholders. A resolution is to be proposed at the annual general meeting for the re-appointment of KPMG Audit Plc as auditors of the Company at a remuneration level to be fixed by the directors.

### Allotment of shares

The power of the directors to allot unissued share capital must be renewed at each annual general meeting of the Company. The directors will be able to issue new shares up to one third of the amount of the nominal value of the issued share capital of the Company as defined by section 80 of the Companies Act 1985, as at the date of this notice - a nominal value of £2,086,406 representing 20,864,060 shares.

The directors will remain subject to constraints on the issue of shares for cash. They will be able to issue only:

- up to 5% of the nominal value of the Company's issued share capital as at the date of this notice, a nominal value of £312,960 representing 3,129,600 shares, or
- shares pursuant to a rights issue.



### Annual General Meeting

As a shareholder of Wainhomes plc you have the right to attend and vote at the Annual General Meeting. If you do not wish, or are unable, to attend, you may appoint someone to act on your behalf and to vote in the event of a poll. That person is known as a "proxy". You can use the enclosed Form of Proxy to appoint a proxy.

If you are coming to the meeting, please bring with you the accompanying Form of Proxy/Admission Card. It will authenticate your right to attend, speak and vote, and will speed your admission. Please keep it until the end of the meeting. The meeting will commence at 11.00 am and refreshments will be available from 10.30 am.

You may also find it helpful to bring your annual report with you so that you can refer to it at the meeting.

If you do not intend coming in person, but would like to appoint someone to act on your behalf, the accompanying Form of Proxy enables you to appoint either the Chairman of the meeting or someone else of your choice as your proxy.

A proxy need not be a shareholder, and may attend and vote on behalf of the shareholder who appointed him.

At the meeting, the proxy can act for the member he or she represents. This includes the right to join in or demand a poll and to speak at the meeting, but it does not include the right to vote on a show of hands. The proxy is valid for any adjournment of the meeting.

To complete the form, please tick the appropriate box alongside each resolution to indicate whether you wish your votes to be cast "For" or "Against" that resolution. If you wish to abstain on a particular resolution, please write "Abstain" across the boxes alongside that resolution. Unless you give specific instructions on how to vote on a particular resolution, your proxy will be able, at his or her discretion, either to vote "For" or "Against" that resolution or to abstain from voting.

## Shareholder Information

Before posting the form to the registrar, please check that you have signed it.

The proxy forms must be received in the offices of the Company's registrars no later than 11.00 am on 6 August 1997. Any proxy form received after this will be declared void.

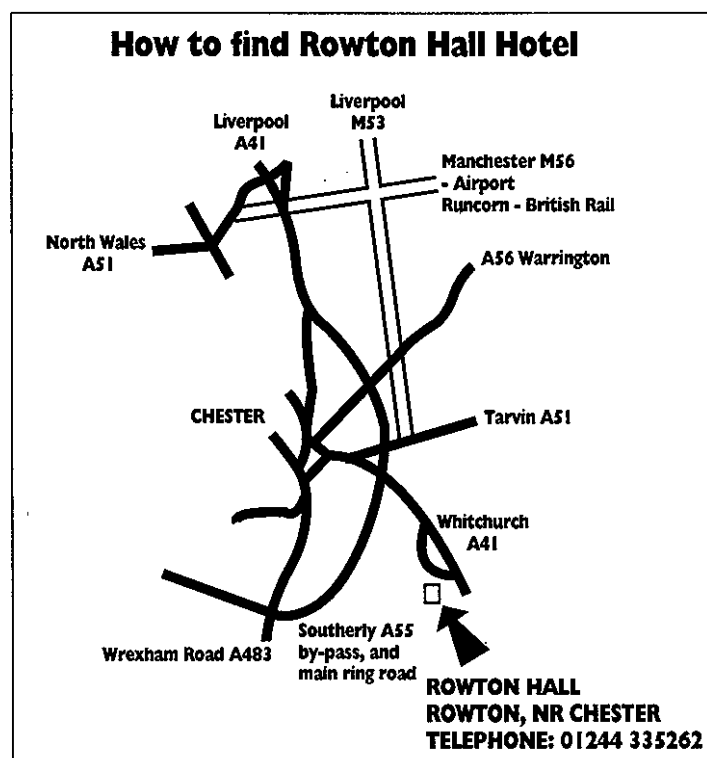
### Documents available for inspection

The following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (public holidays excepted) from the date of this notice until the date of the meeting and thereafter at the place of the meeting from 10.30 am until the conclusion of the meeting:

- (i) a register of directors' share interests kept pursuant to section 325 of the Companies Act 1985;
- (ii) copies of service contracts of more than one years duration of the directors of the Company.

### Financial Calendar

Annual General Meeting to be held at The Rowton Hall Hotel, Rowton Hall, Chester CH3 6AD	8 August 1997
Interim Report for six months to 30 September 1997	December 1997
Second Interim Report for year to 31 March 1998	June 1998
Preliminary announcement of results for fifteen months ended 30 June 1998	September 1998
Publication of 1997/98 Report and Accounts	October 1998
Dividends on ordinary shares payable	
Interim 1997/98	January 1998
Second Interim 1997/98	July 1998
Final 1997/98	November 1998



## Notice of Meeting

Notice is hereby given that the Eleventh Annual General Meeting of Wainhomes plc will be held at Rowton Hall Hotel, Rowton Hall, Chester CH3 6AD on Friday, 8 August 1997 at 11.00 am for the following purposes.

### as ordinary business:

1. to receive and adopt the statement of accounts for the year ended 4 April 1997 and the reports of the directors and auditors thereon;
2. to declare a dividend;
3. to re-appoint the following as directors of the Company: S J Owen, W Ainscough;
4. to re-appoint KPMG Audit Plc as auditors; and
5. to authorise the directors to fix the remuneration of the auditors;

### as special business:

6. to consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:  
THAT (A) for the purposes of section 80 of the Companies Act 1985 the directors be and they are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (as defined in the said section 80) up to an aggregate nominal amount of £2,086,406 provided that this authority shall expire (unless previously revoked or renewed) on 31 October 1998 or at the conclusion of the next annual general meeting of the Company held after the passing of this resolution, whichever is the earlier, and provided further that the Company may before the expiry of this authority make an offer or agreement which would or might require relevant securities to be allotted after the expiry of this authority and the directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired; and  
(B) the directors be and they are hereby further authorised for the purposes of section 95 of the Companies Act 1985 to allot equity securities (as defined in section 94 of the said Act) pursuant to the authority conferred upon them by (A) above or pursuant to any other general or unconditional authority conferred upon them in accordance with section 80 of the said Act wholly for cash as if section 89(1) of the said Act did not apply to such allotments provided that such disapplication shall only apply to allotments made:
  - (i) in connection with an offer of such securities by way of rights to the holders of ordinary shares in proportion (as nearly as may be) to their respective holdings of such shares but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws of or the requirements of any recognised regulatory body in any territory; or
  - (ii) (otherwise than under sub-paragraph (i) above) up to an aggregate amount in nominal value of £312,960, being equal to approximately 5% of the presently issued ordinary share capital of the Company.
7. to approve pursuant to Section 320 of the Companies Act 1985, the proposed acquisition of land and interests in land at Bramley Grange, Guildford by Wainhomes (Southern) Limited for a minimum consideration of £2,250,000. This consideration will be increased by £75 per square foot in the event of the planning permission exceeding 28,000 square feet of net saleable accommodation, and also by one half of the movement of the Halifax House Price Index between exchange of contract and legal completion.

The Beeches  
Chester  
CH2 1PE

BY ORDER OF THE BOARD  
S J OWEN  
COMPANY SECRETARY

2 July 1997

## Form of Proxy

Please  
complete in  
block letters  
before signing

I/We

of

being (an) ordinary shareholder(s) in Wainhomes plc hereby appoint the chairman of the meeting (see Note 1)

to vote as my/our proxy for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 11.00 am on Friday, 8 August 1997, and at any adjournment thereof, on the following resolutions as indicated by a ✓ in the appropriate spaces:

	For	Against
1. Resolution to adopt the statement of accounts for the year ended 4 April 1997 and the reports of the directors and auditors thereon;	<input type="checkbox"/>	<input type="checkbox"/>
2. Resolution to approve the declaration of the dividend recommended by the directors.	<input type="checkbox"/>	<input type="checkbox"/>
3. Resolution to re-appoint the following as directors of the Company:		
(i) S J Owen	<input type="checkbox"/>	<input type="checkbox"/>
(ii) W Ainscough	<input type="checkbox"/>	<input type="checkbox"/>
4. Resolution to re-appoint KPMG Audit Plc as auditors to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5. Resolution to authorise the directors to fix the remuneration of the auditors;	<input type="checkbox"/>	<input type="checkbox"/>
6. Special resolution concerning the directors' power of allotment.	<input type="checkbox"/>	<input type="checkbox"/>
7. Resolution to approve the purchase of Bramley Grange, Guildford. Details of which are set out in Note 22 to the accounts.	<input type="checkbox"/>	<input type="checkbox"/>

*\* Unless otherwise stated the proxy will abstain from voting or will vote on the resolutions referred to above as he thinks fit.*

Signature(s)

Date

### Notes

- You are entitled to appoint a proxy of your own choice who need not be a shareholder. If you wish to appoint a proxy other than the chairman of the meeting, please delete the words "the chairman of the meeting" and print the name of the proxy in the space provided. Please initial such alteration.
- This proxy duly completed and signed together with any power of attorney or other authority under which it is signed or a notarially certified copy thereof must reach the registrars of the Company at the address overleaf not less than 48 hours before the meeting.
- Where shares are held jointly, in the absence of a proxy signed by all the holders or by a quorum in the case of holders expressly registered as trustees or as the personal representatives or executors of a deceased person, any one holder may vote in person or by proxy. If more than one joint holder is present then the first named on the register shall alone be entitled to vote.
- A corporation must execute under the hand of an officer or attorney duly authorised.
- Completion of a Form of Proxy shall not preclude a shareholder from attending the meeting and voting in person.



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Apex House  
9 Haddington Place  
Edinburgh  
EH7 0LA**

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