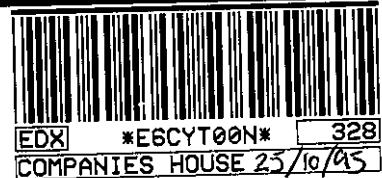


1986430



WAINHOMES plc

Annual Report
& Accounts
31st March 1995



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WAINHOMES plc



The symbol of quality

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 the 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.

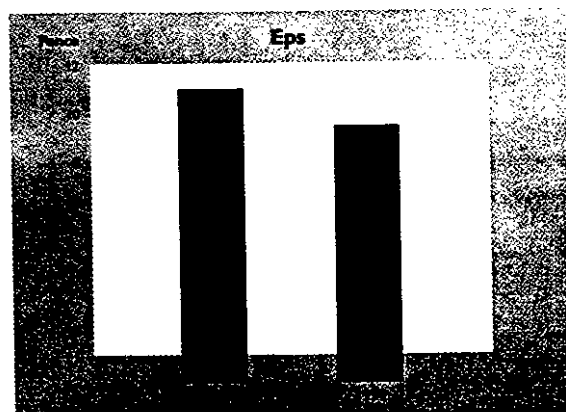
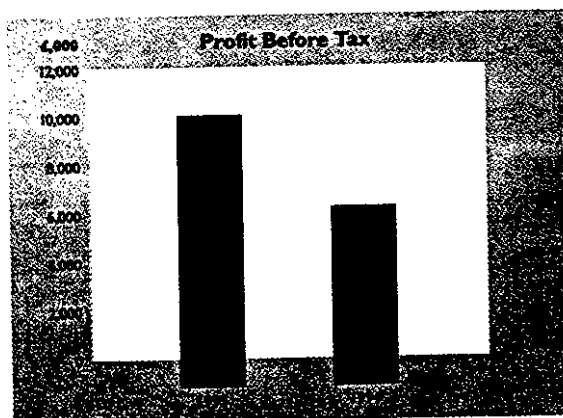
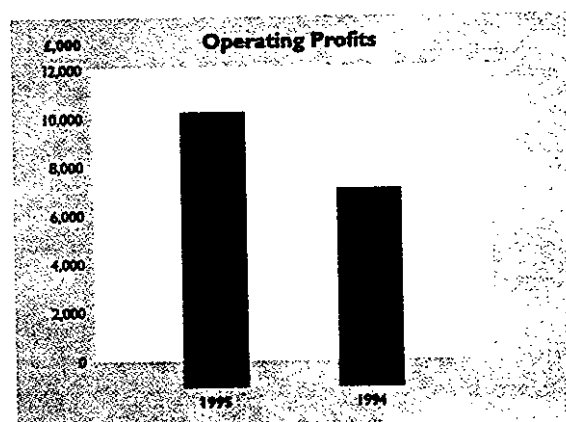
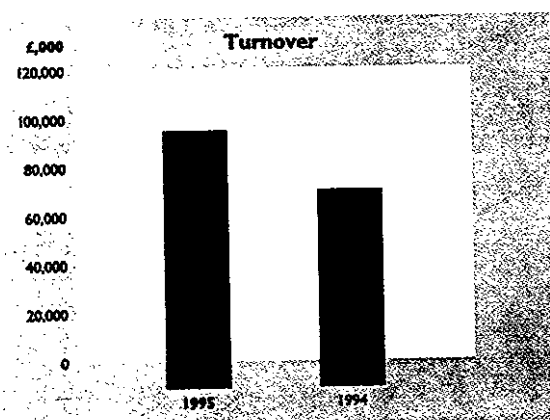


Financial Highlights

Five Year Performance Record

Years ended 31st March 1995

	1995	1994	1993	1992	1991
	£000	£000	£000	£000	£000
Turnover	95,857	69,401	56,759	49,012	45,036
Operating profit	10,176	7,084	6,464	7,775	8,077
Profit before taxation	10,044	6,218	5,290	6,879	6,526
Net assets	59,236	55,335	21,653	19,604	17,935



'... the increased sales activity anticipated from additional sites coupled with prudent management of the cost base should ensure progress for the year.'

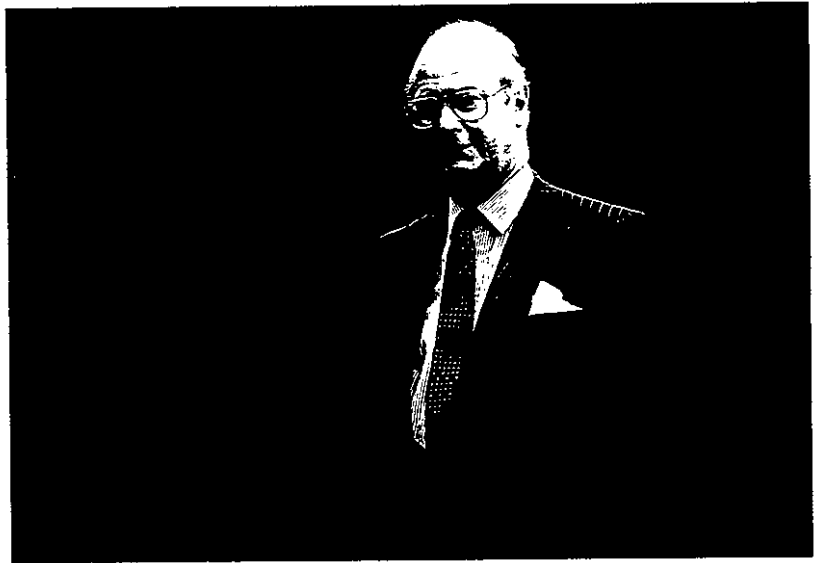
I am pleased to report a very successful year for your Company in its first year as a listed company. In fact it has been a record year for sales and profits.

Pre-tax profits at £10M increased by 62% over last year, and earnings per share improved from 9.6p to 10.8p on the increased capital. The Board is recommending a final dividend of 3.0p per share.

The flotation raised £30M, net of costs. These proceeds initially eliminated our borrowings and the balance has been prudently invested in expanding the landbank, particularly in our development areas.

The year commenced with strong demand for housing and this was reflected in our interim results. During the second half of 1994 confidence became dented by rises in interest rates and continued speculation of more to come. In addition, the reduction in mortgage tax relief and increased anxiety over job security has led to an increased reluctance to commit to house purchases.

In spite of the current slack demand in the industry our newly acquired sites will ensure continued growth in sales during the next twelve months, albeit at a slower rate. Due to the timing of the development programme and the relative



cash position, pre-tax profits will be lower in the first half comparative to last year. However, the increased sales activity anticipated from additional sites coupled with prudent management of the cost base should ensure progress for the year.

I remain confident that your Company, with its well structured and highly professional management, is well positioned to exploit opportunities for growth.

A handwritten signature in dark ink, reading "Gavin Reed". The signature is fluid and cursive, with the first name and last name clearly distinguishable.

Gavin Reed



The award winning Haversham at The Park, Huyton, Merseyside.



'... the Group achieved record operating and pre-tax profits ... we have the necessary experience and skills to manage our resources effectively irrespective of market conditions.'

In the year ended 31st March 1995, the Group achieved record operating and pre-tax profits.

Our pre-tax profits at £10.0M increased by 62% over last year's level and operating profits have grown by 44% to £10.2M.

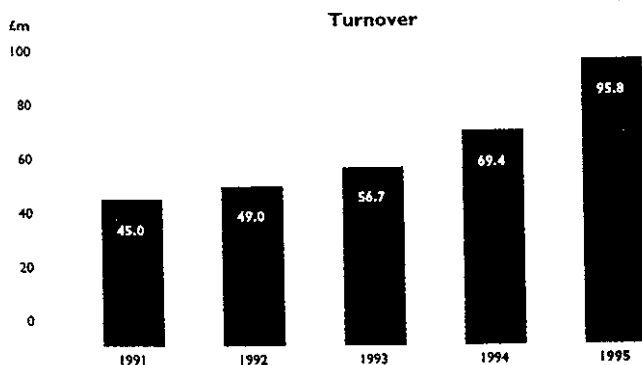
Turnover increased by 38% to £95.9M taking the growth in turnover, over the last five years to 112%. This illustrates not only the extent of our achievement during last year, but also our overall growth during a time of recession and declining sector output.



For the first time in our history, we surpassed the 1,000 unit threshold and completed 1,300 properties (1994: 965) during the period when the average selling price of our homes increased from £71,918 to £73,736. The increase in selling prices has been achieved by selling larger units as a result of planned product mix changes rather

than by house price inflation. The general level of house prices remained flat during the period and I believe that the North West market fared worse than the UK as a whole.

The calendar year 1994 started encouragingly with the number of visitors and rate of sales reservations per development at a higher level than for several years. This tailed off markedly during the second half of the year with the housing market at a much weaker level of



demand in January to March 1995, compared with the same period in 1994. Consequently, we did not repeat the same high level of reservations in Spring 1995 and the Group took around 100 fewer reservations which we expect to recover during the year as additional sites come through the planning system into production.

We increased the use of part exchange, particularly during the second half of the financial year and this continues to be a valuable service to our customers. Notwithstanding the increase, we have maintained our average holding period at last year's level.

In the face of a difficult market, we continue to drive for efficiencies in all areas. Overhead and marketing economies led to an improvement in operating margins from 10.2% to 10.6%.

The Group operating margin was affected by the start up at Wainhomes (Midlands) Limited, which achieved its first legal completions, producing a

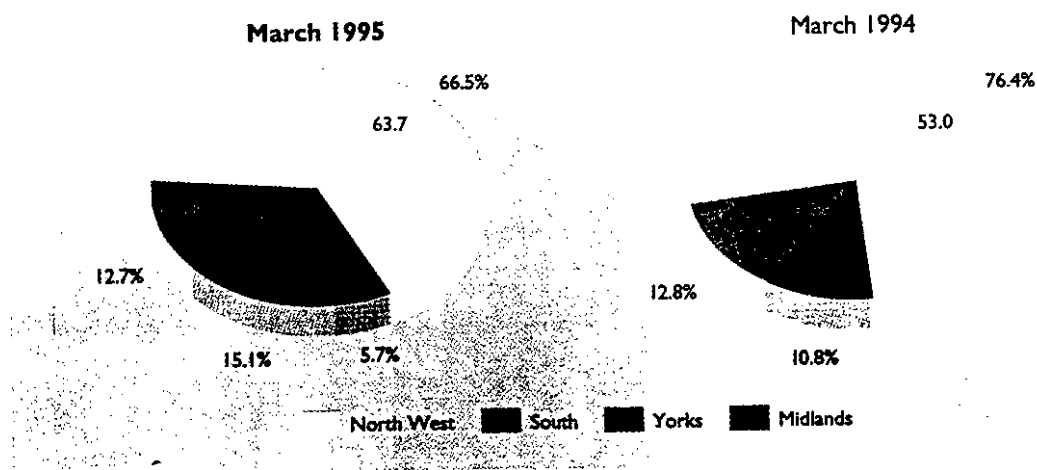


turnover of £5.5M but not contributing to operating profits. We remain committed to this region and have therefore strengthened the management team and have made some changes in key positions. We expect to see a significant improvement in the year to March 1996.

The more established regions once again had a successful year with the Group recording an operating margin of 11.4%, excluding the Midlands turnover.

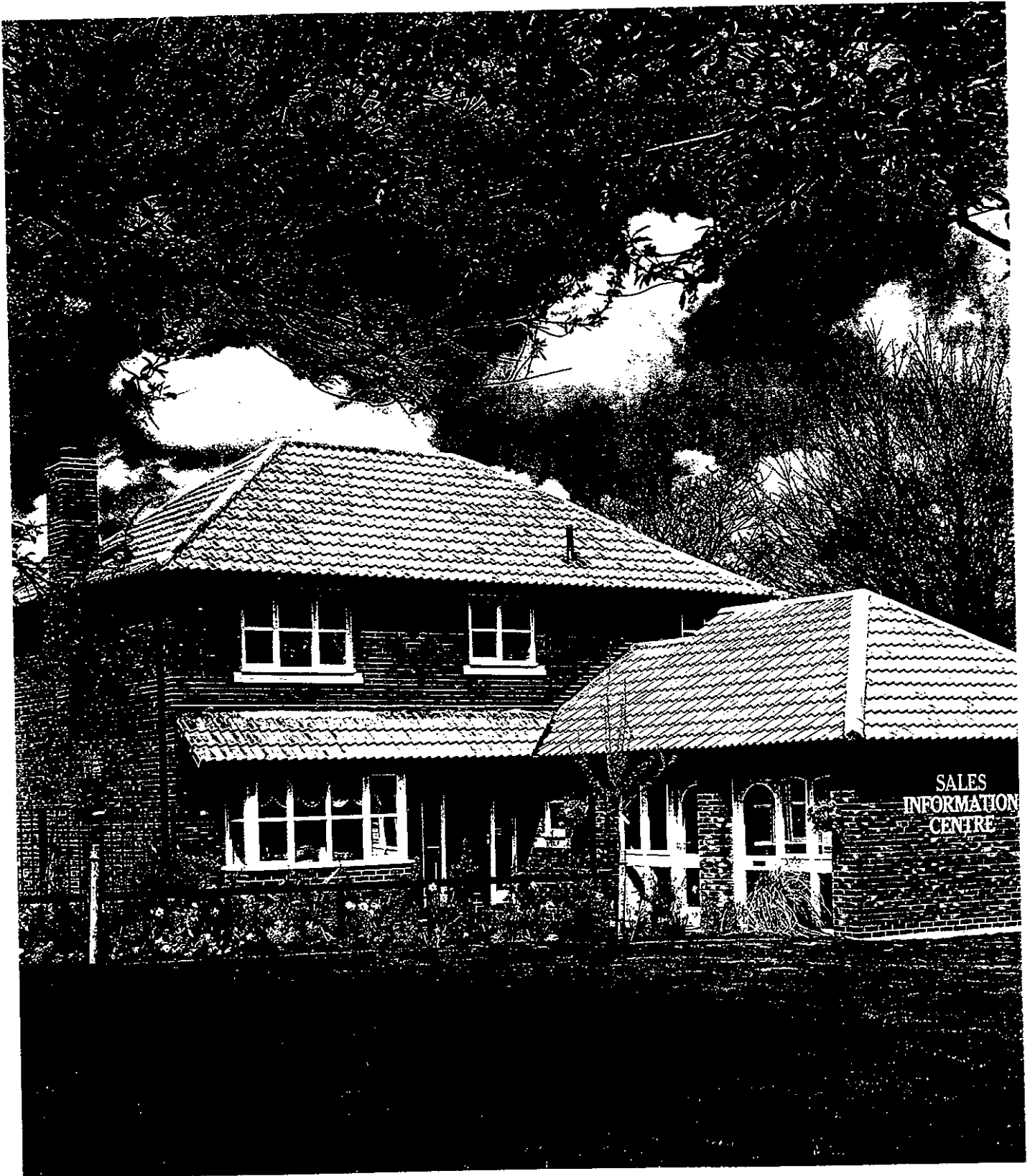
The Southern and Yorkshire businesses

Turnover by Region (£m)





Valedale, Caldby Village, Cheshire.



The Salisbury, The Park, Huyton, Merseyside.



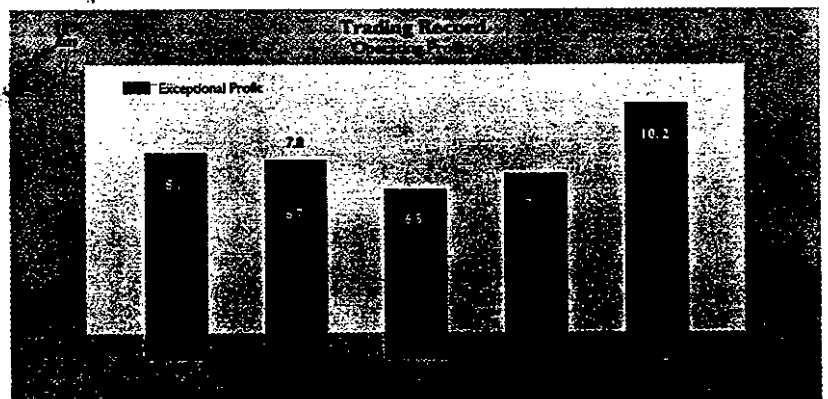


performed exceptionally well and from a standing start in 1992, in aggregate, they accounted for 28% of the Group's turnover. Further growth is planned for both regions.

The North West remains at the core of the Group's activity and during the year the number of units completed in this region increased by 21%. However, we are now operating close to full capacity in the North West and we are not planning to sustain the same rate of growth in future years. The region is still expected to continue to be a reliable and major contributor to Group operating profits.

During the year to 31st March 1995, the Group

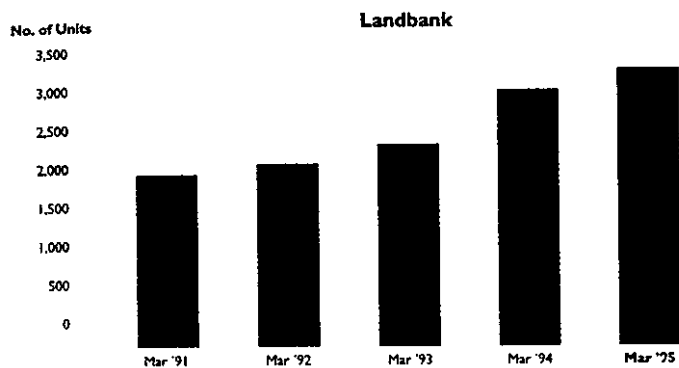
invested the balance of the flotation proceeds. Net borrowings at the year end stood at £6.0M, representing gearing of 10%, which is a small proportion of the overall £45M of bank facilities





The Brambles, Appleton, Warrington, Cheshire.





presently available to the Group. It is our intention to continue to invest in land, which will result in an increase in borrowings during the year ending 31st March 1996.

We have purchased more land than we have consumed during the year and the Group's developable landbank now stands at 3,306 plots (1994: 3,102). The average cost per plot has increased and reflects the rise in the Group's average selling price which is expected to continue. In addition to our developable landbank, we have 3,800 plots of strategic land. The landbank is much more evenly distributed than last year as we continue to grow in the less mature regions.

Continued pressures on selling prices and a rise in construction costs will put further strain on gross margins. We are operating in a fragile market

where margin improvements must come from well thought out changes in product mix and efficiencies in marketing, production and administration. Growth will come from selective expansion in the right regions and locations.

Improvements in margins

and growth in volumes will not be derived from the sector's historic source of cyclical surges in demand, which are unsustainable and damage the industry as a whole.

Our outstanding range of products, effective sales and marketing, supported by distinctive showhomes, together with attractive site presentation and attention to build quality, are more important than ever. We have the necessary experience and skills to manage our resources effectively irrespective of market conditions.

Ron Smith

Directors

G B Reed
W Ainscough
R Smith
S J Owen
J Cassidy
T J Hemmings



Gavin Reed (Age 60)

BA, Non-executive Chairman

Gavin Reed was appointed non-executive Chairman on 31st January 1994. He has considerable experience of public companies. In addition to his position on the Board, he is a non-executive director of John Menzies plc and Ivory & Sime Enterprise Capital plc. He was formerly the Vice Chairman of Scottish & Newcastle plc.

Secretary

S J Owen

Registrars

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



William Ainscough (Age 46)

Dip Arch, MCIOB Deputy Chairman

William Ainscough founded what is now Wainhomes (Northern) Ltd in 1972. He joined the Board in February 1989 and was Chairman of the Group from June 1990 until January 1994.

Registered Office

Wainhomes plc
(Registered Number 1986430)
The Beeches
Chester CH2 1PE
Telephone: 01244 310421
Fax: 01244 341924



Ron Smith (Age 46)

Group Chief Executive

Ron Smith joined Christian Salvesen PLC in 1974. Whilst at Christian Salvesen PLC, he held a number of financial positions in the Properties Division before joining Whelmar (Chester) Limited in 1980. He jointly led a management buy out of the Chester operation in 1986. He was appointed Group Chief Executive in 1989.



Stephen Owen (Age 33)

BA 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.



Solicitors

Maclay Murray & Spens
3 Glenfinlas Street
Edinburgh EH3 6AQ

Auditors

KPMG
Richmond House
Rumford Place
Liverpool L3 9QY

John Cassidy (Age 60)

FCA, Non-executive

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.



Bankers

Bank of Scotland
The Mound
Edinburgh EH1 1YZ

Midland Bank
Patten House
Moulders Lane
Warrington WA1 2BB

Trevor Hemmings (Age 60)

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, including a directorship of Scottish & Newcastle plc, where he is Chairman of the leisure division which includes Center Parcs and Holiday Club Pontins. He also controls TJH Group Limited, a substantial diversified holding company with property and leisure related activities.



Advisors

Charterhouse Bank Limited
1 Paternoster Row
St. Paul's
London EC4M 7DH

Stockbrokers

NatWest Wood Mackenzie
& Co. Limited
135 Bishopsgate
London EC2M 3XT

Operating Companies



North Wales, Cheshire & Merseyside

Wainhomes (Chester) Limited

The Beeches
Chester CH2 1PE
Telephone:
01244 310421



Yorkshire

Wainhomes (Yorkshire) Limited

148 Lawrence Street
York YO1 3EB
Telephone:
01904 431444



South of England

Wainhomes (Southern) Limited

30 Bell Street
Romsey
Hampshire SO51 8GW
Telephone:
01794 511144



Midlands

Wainhomes (Midlands) Limited

8 Euston Place
Leamington Spa
Warwickshire CV32 4LN
Telephone:
01926 886088



Merseyside & North West

Wainhomes (Northern) Limited

Bradley Lane
Standish
Wigan WN6 0XN
Telephone:
01257 425511



The directors have pleasure in presenting their Report and Accounts for the year to 31st March 1995.

Principal Activity and Business Review

The principal activity of the Group is housebuilding. The profit for the year before tax was £10.0M (1994: £6.2M). 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 £6.7M. An interim dividend of 1.5p per ordinary share (1994: 1.8p) was paid in January 1995 and it is proposed to pay a final dividend of 3.0p on 10th August 1995 to shareholders on the register at the close of business on 11th July 1995. The payment of these dividends amounts to £2.8M (1994: £0.8M) and £3.9M (1994: £3.4M) is transferred to reserves.

Corporate Governance

The Board, which comprises two executives and four 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.

The Group has complied throughout the financial year with those elements of the Code of Best Practice on the Financial Aspects of Corporate Governance that were in force for the year.

Guidance for directors on reporting on internal control has only recently been issued and reporting is only required on the systems in place from 1st July 1995. However, the Board acknowledges its responsibility for the Group's system of internal control.

In recognition of its overall responsibility the Board has put in place an appropriate organisational structure. The Board has delegated authority to three committees, audit, remuneration and land.

The Audit Committee is chaired by John Cassidy. It comprises three non-executive directors and meets at least twice a year. Its terms of reference include the review of the annual and interim financial statements, the accounting policies of the Group, internal management and financial controls and statutory and other external compliance requirements. It receives reports from the

Directors' Report

For the year ended 31st March 1995

external auditors who, together with the Group Chief Executive and the Group Finance Director, attend meetings at the invitation of the Committee, as required.

The Remuneration Committee comprises 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.

The Land Committee is chaired by William Ainscough and comprises John Cassidy, Ron Smith and Stephen Owen. The Committee authorises land purchases up to £2M, any individual purchase over £2M is reviewed by the Board.

In November 1994 additional guidance for directors of listed companies was issued in response to the recommendations of the Cadbury Committee that directors state in their report and accounts that the business is a going concern.

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

Employees

We have maintained our 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.

Share Capital

Details of share capital are set out in Note 18 to the accounts.

Fixed Assets

Movements of tangible fixed assets are shown in Note 11.

Directors and their Interests

The present directors and brief biographical details are provided on pages 12 and 13. The interests in the share capital of Wainhomes plc (all of which unless otherwise stated are beneficial) of the directors and any other persons connected with them are set out in Note 24.

In accordance with Article 91 of the Company's Articles of Association, William Ainscough and John Cassidy retire by rotation and being eligible, offer themselves for re-election.



Directors' Report

For the year ended 31st March 1995

Ron Smith and Stephen Owen each have a service agreement with the Company dated 8th March 1994 which may be terminated by either party thereto giving not less than 24 months notice in writing. In terms of letters of appointment, dated 28th February 1994, the appointment of each of Gavin Reed, John Cassidy, William Ainscough and Trevor Hemmings as non-executive directors of the Company, 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 Company maintains directors and officers liability insurance cover for directors and officers of the company and its subsidiaries.

Substantial Shareholdings

Included in the beneficial interests of the directors (and any persons connected with them), as set out in Note 24, 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 (wife of W Ainscough)	4,764,500	7.6
Northern Trust Company Limited (connected with T J Hemmings)	2,221,830	3.6

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

	Number of Ordinary Shares	%
CINVen Limited (as manager of funds on behalf of British Coal Pension Funds)	2,450,119	3.9

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 £1,500 were made for charitable purposes. No political contributions were made during the year.

AGM 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 5 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 £2,074,757 which represents approximately one third of the presently issued share capital of the



Directors' Report

For the year ended 31st March 1995

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.

Auditors

On 6th February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name.

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming annual general meeting.

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 responsibility 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

S J Owen

Company Secretary

29th June 1995



Report of the Auditors KPMG

to the members of Wainhomes plc

We have audited the financial statements on pages 20 to 35.

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 31st March 1995 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Corporate Governance Matters

In addition to our audit of the financial statements we have reviewed the directors' statement on pages 15-16 on the Company's compliance with the paragraphs of the Code of Best Practice specified for our review by the Listing Rules. The objective of our review is to draw attention to non-compliance with those paragraphs of the Code which is not disclosed.

Basis of opinion

We carried out our review in accordance with Bulletin 1995/1 "Disclosures relating to corporate governance" issued by the Auditing Practices Board. That bulletin does not require us to perform any additional work necessary to express a separate opinion on the effectiveness of the Company's corporate governance procedures, or on the ability of the Group to continue in operational existence.

Opinion

With respect to the directors' statement on going concern on page 16, in our opinion the directors have provided the disclosures required by paragraph 4.6 of the Code (as supplemented by the related guidance for directors) and the statement is 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 pages 15-16 appropriately reflects the Company's compliance with the other paragraphs of the Code specified for our review.

KPMG, Chartered Accountants, Registered Auditors, Liverpool

29th June 1995

Group Profit & Loss Account

For the year to 31st March 1995



	Note	1995 £000	1994 £000
Turnover	2	95,857	69,401
Cost of sales		(75,598)	(53,972)
Gross profit		20,259	15,429
Share of profits of associated undertakings		43	—
Marketing and administrative expenses		(10,228)	(8,426)
Other operating income	4	102	81
Operating profit		10,176	7,084
Net interest payable	3	(132)	(866)
Profit on ordinary activities before taxation		10,044	6,218
Taxation on profit on ordinary activities	7	(3,342)	(2,051)
Profit on ordinary activities after taxation	8	6,702	4,167
Dividends	9	(2,801)	(802)
Profit retained		3,901	3,365
Earnings per share	10	10.8p	9.6p

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 31st March 1995

	Note	1995 £000	1994 £000
Fixed assets			
Tangible fixed assets	11	2,670	2,315
Investments	12	392	334
		<u>3,062</u>	<u>2,649</u>
Current assets			
Stocks	13	97,378	71,273
Debtors	14	1,585	1,883
Cash at bank and in hand		<u>5,368</u>	<u>11,771</u>
		104,331	84,927
Creditors: amounts falling due within one year	15	<u>(33,725)</u>	<u>(24,817)</u>
Net current assets		<u>70,606</u>	<u>60,110</u>
Total assets less current liabilities		73,668	62,759
Creditors: amounts falling due after more than one year	16	<u>(14,432)</u>	<u>(7,424)</u>
Net assets		<u>59,236</u>	<u>55,335</u>
Share capital and reserves			
Called up share capital	18	6,224	6,224
Capital reserve	19	3,067	3,067
Share premium account	19	28,653	28,653
Profit and loss account	19	<u>21,292</u>	<u>17,391</u>
Shareholders' funds	1	<u>59,236</u>	<u>55,335</u>



Approved by the Board on 29th June 1995 and signed on its behalf by

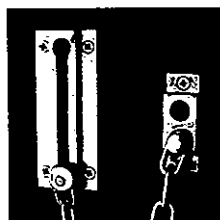
Directors G B Reed
S J Owen

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



Company Balance Sheet

At 31st March 1995



	Note	1995 £000	1994 £000
Fixed assets			
Tangible fixed assets	11	153	181
Investments	12	32,341	10,141
		<u>32,494</u>	<u>10,322</u>
Current assets			
Debtors	14	153	3,199
Cash at bank and in hand		23,136	29,809
		<u>23,289</u>	<u>33,008</u>
Creditors: amounts falling due within one year	15	(2,869)	(1,249)
Net current assets		<u>20,420</u>	<u>31,759</u>
Total assets less current liabilities		52,914	42,081
Creditors: amounts falling due after more than one year	16	(10,000)	—
Net assets		<u>42,914</u>	<u>42,081</u>
Share capital and reserves			
Called up share capital	18	6,224	6,224
Capital reserve	19	190	190
Share premium account	19	28,653	28,653
Profit and loss account	19	7,847	7,014
Shareholders' funds		<u>42,914</u>	<u>42,081</u>

Approved by the Board on 29th June 1995 and signed on its behalf by

Directors G B Reed
S J Owen

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



Group Cash Flow Statement

For the year to 31st March 1995

	Note	1995		1994	
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Net cash outflow from operating activities	22		(13,966)		(6,553)
Returns on investments and servicing of finance					
Interest received		320		52	
Interest paid		(172)		(918)	
Dividends paid		(934)		(1,058)	
			<u>(786)</u>		<u>(1,924)</u>
			(14,752)		(8,477)
Taxation					
U.K. corporation tax paid			(1,895)		(2,620)
Investing activities					
Purchase of tangible fixed assets		(1,166)		(1,336)	
Sale of tangible fixed assets		178		176	
			<u>(988)</u>		<u>(1,160)</u>
Net cash outflow before financing			(17,635)		(12,257)
Financing					
Medium term loan		10,000		(7,500)	
Share issue		—		30,319	
Purchase of deferred shares		—		(2)	
Preference share redemption		—		(834)	
			<u>10,000</u>		<u>21,983</u>
(Decrease)/increase in cash and cash equivalents	23		<u>(7,635)</u>		<u>9,726</u>

This statement should be read in conjunction with notes 22 and 23.





Basis of Accounting

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

Basis of Consolidation

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.

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.

Notes to the Accounts

For the year to 31st March 1995



	Note	1995 £000	1994 £000
1. Reconciliation of movements in shareholders' funds for the year ended 31st March 1995			
Profit after taxation		6,702	4,167
Dividends	9	(2,801)	(802)
Purchase of deferred shares		—	(2)
Share capital issued		—	1,882
Share premium issued		—	30,118
Expenses of share issue		—	(1,681)
Net increase in shareholders' funds		3,901	33,682
1st April opening shareholders' funds		55,335	21,653
31st March closing shareholders' funds		59,236	55,335
		1995 £000	1994 £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 charging:			
Loss on disposal of fixed assets		23	6
Depreciation		610	462
Operating leases		80	60
Hire of plant		1,909	1,452
Auditors' remuneration: Audit		44	34
Other		18	27

In addition fees payable to KPMG totalling £131,375 were charged to share premium in the year ended 31st March 1994 as part of share issue expenses.



Notes to the Accounts

For the year to 31st March 1995



	1995 £000	1994 £000
3. Net interest payable		
Interest payable on:		
Bank loans, overdrafts and other loans repayable wholly within five years	452	918
Less interest receivable	(320)	(52)
	<u>132</u>	<u>866</u>
4. Other operating income		
Ground rent receivable	<u>102</u>	<u>81</u>
5. Staff costs	Number	Number
The average number of persons employed by the Group was	<u>330</u>	<u>263</u>
	£000	£000
Employment costs, including directors' emoluments, during the year amounted to:		
Wages and salaries	5,666	4,606
Social security costs	549	409
Other pension costs	257	179
	<u>6,472</u>	<u>5,194</u>

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 1st April 1993. The valuation at this date reflected sufficient assets to cover 110% 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 £2,025,000.

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 £257,000 (1994: £179,000). 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.



Notes to the Accounts

For the year to 31st March 1995



6. Directors' remuneration	1995		1994	
	£000	£000	£000	£000
Directors' fees		117		125
Executive Directors:				
Remuneration	225		176	
Performance bonus	48		—	
Pension contributions	17	290	16	192
Compensation for Loss of office		—		35
		<u>407</u>		<u>352</u>
Chairman's emoluments : G B Reed		24		3
: W Ainscough		—		43
Highest paid director : Emoluments		192		142
: Pension Contributions		<u>12</u>		<u>16</u>
All Directors		<u>Number</u>		<u>Number</u>
£0 - £5,000		—		1
£15,001 - £20,000		1		2
£20,001 - £25,000		2		—
£30,001 - £35,000		—		1
£35,001 - £40,000		—		1
£50,001 - £55,000		1		1
£80,001 - £85,000		1		—
£140,001 - £145,000		—		1
£190,001 - £195,000		<u>1</u>		<u>—</u>

The executive directors' performance related bonus is determined by the Remuneration Committee and is based on the achievement of certain financial targets. The interest of the directors in the share capital of the Company is set out in note 24.

7. Taxation	1995	1994
	£000	£000
Corporation tax on profit for the year at 33% (1994: 33%):	3,424	2,051
Adjustments relating to prior years	(92)	—
Associated undertakings	<u>10</u>	<u>—</u>
	<u>3,342</u>	<u>2,051</u>

Notes to the Accounts

For the year to 31st March 1995

12. Investments

	Shares in Associated Undertakings	Ground Rents	Total
Group	£000	£000	£000
Net book value at 1st April 1994	3	331	334
Share of results	33	—	33
Additions	—	25	25
Net book value at 31st March 1995	36	356	392

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

	Country of Incorporation and Operation	% of Ordinary Shares Held
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.

	Country of Incorporation and Operation	% of Ordinary Shares Held
Wainhomes (Chester) Ltd	England	100
Wainhomes (Northern) Ltd	England	100
Wainhomes (Yorkshire) Ltd	England	100
Wainhomes (Southern) Ltd	England	100
Wainhomes (Urban Renewal) Ltd	England	100
Wainhomes (Midlands) Ltd	England	100

The ground rents are capitalised at the equivalent of five years rental receivable.

	Loan stock in Subsidiary Undertakings	Shares in Subsidiary Undertakings	Total
Company	£000	£000	£000
Net book value at 1st April 1994	6,370	3,771	10,141
Additions	—	22,200	22,200
Net book value at 31st March 1995	6,370	25,971	32,341

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.



Notes to the Accounts

For the year to 31st March 1995

	Group		Company	
	1995	1994	1995	1994
	£000	£000	£000	£000
13. Stocks				
Land	60,794	47,576	—	—
Construction work in progress	27,439	19,936	—	—
Part exchange properties	9,145	3,761	—	—
	<u>97,378</u>	<u>71,273</u>	<u>—</u>	<u>—</u>
14. Debtors				
Trade debtors	971	927	—	—
Amounts owed by subsidiary undertakings	—	—	87	3,069
Other debtors	600	828	52	2
Called up share capital not paid	14	128	14	128
	<u>1,585</u>	<u>1,883</u>	<u>153</u>	<u>3,199</u>
Included within trade debtors is £325,000 recoverable in more than one year (1994: £363,461)				
15. Creditors: amounts falling due within one year				
Bank overdraft (see note 16)	1,338	106	—	—
Trade creditors	9,033	7,714	77	96
Corporation tax	2,653	1,769	443	11
Advance corporation tax	699	136	—	136
Other taxes and social security costs	339	196	—	1
Proposed dividend	1,867	—	1,867	—
Land creditors	15,970	12,867	—	—
Accruals	1,826	2,029	95	622
Due to subsidiary undertakings	—	—	387	383
	<u>33,725</u>	<u>24,817</u>	<u>2,869</u>	<u>1,249</u>



Notes to the Accounts

For the year to 31st March 1995

	Group		Company	
	1995	1994	1995	1994
	£000	£000	£000	£000
16. Creditors: amounts falling due after more than one year				
Land creditors	4,432	7,424	—	—
Bank loans (see below)	10,000	—	10,000	—
	<u>14,432</u>	<u>7,424</u>	<u>10,000</u>	<u>—</u>

Bank Loans

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

17. 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 £155,338 (1994: £48,858).

18. Share Capital

	1995		1994	
	Authorised	Issued & Fully Paid	Authorised	Issued & Fully Paid
	£	£	£	£
Ordinary Shares of 10p each	<u>10,000,000</u>	<u>6,224,271</u>	<u>10,000,000</u>	<u>6,224,271</u>

Directors and executives of the Group hold 781,000 options under the Executive Share Option Scheme 1990 at prices ranging from 69.23p to 116p per share, the latest date for exercise is the 19th December 2004. During the year directors and executives were granted 170,000 options under the Executive Share Option Scheme 1994 at 116p, the latest date for exercise being 19th December 2004.

Details of the performance criteria for both schemes are set out in Note 24.

Employees of the Group hold 684,305 options (1994: 659,120) under the Employee Savings Related Share Option Scheme 1990 exercisable on various dates up to 10th July 2002 at prices ranging from 55.38p to 92.8p.

Notes to the Accounts

For the year to 31st March 1995

19. Reserves

	Capital Reserve £000	Share Premium £000	Profit & Loss £000	Total Reserves £000
Group				
At 1st April 1994	3,067	28,653	17,391	49,111
Retained profit for year	—	—	3,901	3,901
At 31st March 1995	3,067	28,653	21,292	53,012
Company				
At 1st April 1994	190	28,653	7,014	35,857
Retained profit for year	—	—	833	833
At 31st March 1995	190	28,653	7,847	36,690

20. 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 £3.7m, would be significantly increased in excess of the maximum dividend payable.

(iii) The Company has guaranteed the indebtedness of its subsidiaries of £24,137,953 (1994: £23,178,000).

Notes to the Accounts

For the year to 31st March 1995



21. Financial Commitments

At 31st March 1995 the Group had annual commitments under non-cancellable operating leases as set out below:-

	Land and buildings £000	Other £000
Operating leases which expire within 2 - 5 years	31	2
greater than 5 years	22	8

22. Reconciliation of operating profits to net cash outflow from operating activities

	1995 £000	1994 £000
Operating profit	10,176	7,084
Ground rents capitalised	(25)	(19)
Depreciation charges	633	468
Movement in stocks and work in progress	(12,887)	(7,971)
Movement of debtors	298	(745)
Movement of creditors	979	1,858
Movement in land less land creditor	(13,107)	(7,228)
Share of profits in associated undertakings	(33)	—
Net cash outflow from operating activities	(13,966)	(6,553)

23. Analysis of changes in cash and cash equivalents during the year

	1995 £000
Balance at 1st April 1994	11,665
Net cash outflow	(7,635)

Balance at 31st March 1995

4,030

Analysis of the balance of cash and cash equivalents as shown in the balance sheet

	1995 £000	1994 £000	Change in year £000
Cash in hand	5,368	11,771	(6,403)
Bank overdrafts	(1,338)	(106)	(1,232)
	4,030	11,665	(7,635)



Notes to the Accounts

For the year to 31st March 1995

24. Directors' Shareholdings

Beneficial interests of the directors and other persons connected with them in the ordinary share capital of the company are shown below:

	31st March 1995			31st March 1994	
	Fully Paid	Share Options	Granted In Year	Fully Paid	Share Options
G B Reed	42,353	—	—	32,353	—
W Ainscough – Beneficial	14,341,000	—	—	13,760,500	—
– Non-beneficial	520,000	—	—	520,000	—
T J Hemmings	9,331,335	—	—	9,331,335	—
J Cassidy	7,500	—	—	7,500	—
R Smith – Beneficial	1,857,960	168,259	40,000	1,857,960	128,259
– Non-beneficial	258,310	—	—	258,310	—
S J Owen	5,882	107,464	38,401	5,882	69,063

The interests of the directors has remained unchanged since the 31st March 1995.

No director exercised share options during the year. The market price of the shares at 31st March 1995 was 108p and the range during the year ended 31st March 1995 was 161p to 98p. Details of individual share options held by directors are as follows:

	Option Price	R Smith	S J Owen
Executive Scheme (1990) 2nd November 1993	69.231p	97,500	52,000
Executive Scheme (1994) 19th December 1994	116.0p	40,000	30,000
Savings Related Employee Scheme (1990)			
8th January 1991	65.231p	20,690	
15th January 1993	72.0p	10,069	
12th November 1993	55.383p		17,063
10th January 1995	92.8p		8,401
		<u>168,259</u>	<u>107,464</u>

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 exercisable within 10 years from the date of grant. Options under the Executive Scheme (1990) are only normally exercisable if there has been a compound growth in the Company's earnings per share over a three year period. Options under the Executive Scheme (1994) 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 Savings Related Share Option Scheme (1990) are exercisable normally during the period of six months following the fifth anniversary of the commencement of the Savings Related Contract.



Notice of Meeting

Notice is hereby given that the ninth Annual General Meeting of Wainhomes plc will be held at Rowton Hall Hotel, Rowton Hall, Nr Chester CH3 6AD on Thursday, 3rd August 1995 at 11.00 a.m. for the following purposes:

as ordinary business:

1. to receive and adopt the statement of accounts for the year ended 31st March 1995 and the reports of the directors and auditors thereon;
2. to re-appoint the following as directors of the company:
William Ainscough
John Cassidy;
3. to re-appoint KPMG as auditors; and
4. to authorise the directors to fix the remuneration of the auditors;

as special business:

5. 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 £2,074,757 provided that this authority shall expire (unless previously revoked or renewed) on 2nd November 1996 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

Notice of Meeting

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 £311,213, being equal to approximately 5% of the presently issued ordinary share capital of the company;

The Beeches

Chester

CH2 1PE

Date 10th July 1995

BY ORDER OF THE BOARD

S J OWEN

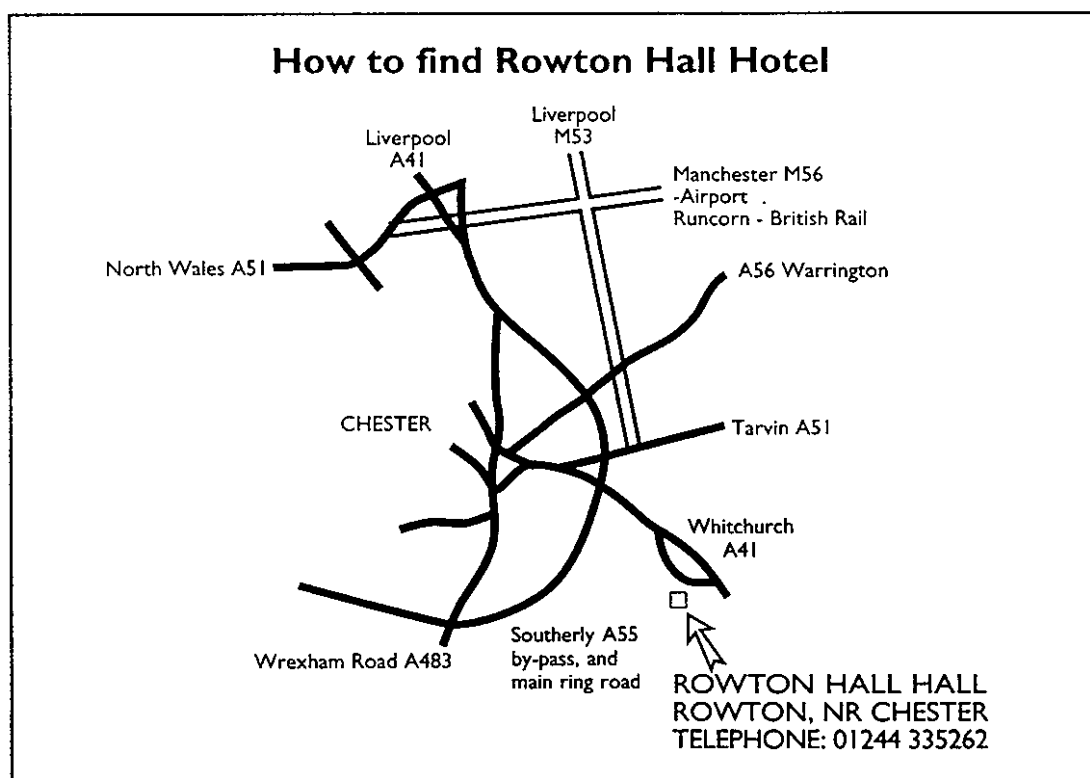
COMPANY SECRETARY

Notes:

1. This notice is being sent to all shareholders all of whom are entitled to attend or be represented at the meeting and to vote on all resolutions.
2. Every shareholder entitled to attend and vote at the meeting may appoint one or more proxies (who need not be shareholders) to attend and, on a poll, to vote instead of him. A form of proxy for use at the meeting is enclosed. To be effective, forms of proxy must be deposited at the registrars of the Company, Bank of Scotland, Registrars Department, Apex House, 9 Haddington Place, Edinburgh EH7 0LA, not less than 48 hours before the meeting. Completion of a form of proxy will not preclude a shareholder from voting in person at the meeting.
3. 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 10.45 a.m. 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.

Shareholder Information

Annual General Meeting to be held at The Rowton Hall Hotel, Rowton Hall, Nr Chester CH3 6AD	3rd August 1995
Half Year End	30th September 1995
Interim Report for Six Months to 30th September 1995	December 1995
Preliminary Announcement of Results for Year to 31st March 1996	June 1996
Publication of 1995/1996 Report and Accounts	July 1996
Dividends on Ordinary Shares Payable:	
Interim 1995/1996	January 1996
Final 1995/1996	August 1996



Form of Proxy

I/We _____

of _____

(please complete in block letters before signing)

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 Thursday, 3rd August 1995, 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
31st March 1995 and the reports of the directors and auditors thereon; | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. resolutions to re-appoint the following as directors of the Company: | <input type="checkbox"/> | <input type="checkbox"/> |
| (i) W Ainscough | | |
| (ii) J Cassidy; | | |
| 3. resolution to re-appoint KPMG as auditors; | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. resolution to authorise the directors to fix the remuneration of the auditors; | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. special resolution concerning the directors' power of allotment. | <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

1. 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.
2. 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.
3. 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.
4. A corporation must execute under the hand of an officer or attorney duly authorised.
5. Completion of a form of proxy shall not preclude a shareholder from attending the meeting and voting in person.

SECOND FOLD

BUSINESS REPLY SERVICE
Licence No. EH142

211

**Bank of Scotland
Apex House
9 Haddington Place
Edinburgh
EH7 0LA**

THIRD FOLD AND TUCK IN

FIRST FOLD

Notes to the Accounts
For the year to 31st March 1995

11. Tangible fixed assets *continued*

Company

**Plant &
Machinery**

Total

£000 £000

Cost

At 1st April 1994

226 226

Additions

32 32

Disposals

(15) (15)

Inter-group transfers

11 11

At 31st March 1995

254 254

Depreciation

At 1st April 1994

45 45

Provided during the year

59 59

Disposals

(6) (6)

Inter-group transfers

3 3

At 31st March 1995

101 101

Net book value – At 31st March 1995

153 153

Net book value – At 31st March 1994

181 181



Notes to the Accounts

For the year to 31st March 1995



8. Profit after taxation

Profit after taxation amounting to £3,636,309 (1994: £2,067,724) has been dealt with in the accounts of the Company.

	1995 £000	1994 £000
9. Dividends		
Convertible preference shares	—	2
Ordinary shares	2,801	800
	<u>2,801</u>	<u>802</u>

10. Earnings per ordinary share

The average number of shares in issue used in the calculation of earnings per share is 62,242,710 (1994: 43,479,496). At 31st March 1995 there were 1,465,305 options (1994: 1,302,620) outstanding in respect of executive and savings related share option schemes. The fully diluted earnings per share is 10.5p (1994: 9.3p).

11. Tangible fixed assets

Group	Leasehold Land & Buildings £000	Freehold Land & Buildings £000	Plant & Machinery £000	Total £000
Cost				
At 1st April 1994	252	567	2,470	3,289
Additions	23	8	1,135	1,166
Disposals	—	—	(440)	(440)
At 31st March 1995	275	575	3,165	4,015
Depreciation				
At 1st April 1994	25	46	903	974
Provided during the year	5	10	595	610
Disposals	—	—	(239)	(239)
At 31st March 1995	30	56	1,259	1,345
Net book value – At 31st March 1995	245	519	1,906	2,670
Net book value – At 31st March 1994	227	521	1,567	2,315

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



WAINHOMES plc