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Delyn Group PLC



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Annual Report
for the year ended 31 March 2000

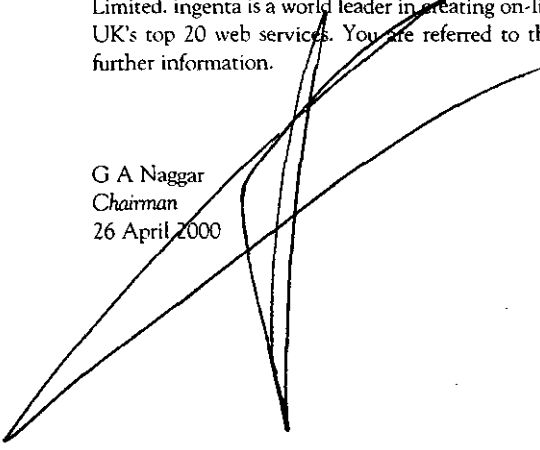
Chairman's Statement and Operational Review

I am pleased to be able to report that for the 12 months to 31 March 2000 profit before taxation and exceptional items was £539,000 (1999: £595,000). The fall in interest rates during the period was partly offset by a further reduction in overhead costs. Earnings per share, after exceptional items for the 12 months to 31 March 2000, were 4.43p (1999: 9.35p). Last year the Group had the benefit of an exceptional tax credit of £222,000. The Board is paying a second interim dividend of 2.0p per ordinary share. Thus the total dividends for the year will be 3.0p per ordinary share. The second interim dividend will be paid on 19 May 2000 to shareholders on the register as at 12 May 2000.

The Group continues to trade profitably and had net cash as at 31 March 2000 in excess of £8 million and a net asset value per share of £1.22. This is, of course, without taking into account any potential profit participation on the joint venture with M J Gleeson Group PLC in the development site in Hamilton, Scotland.

I have for some time reported to you that your Board has been actively seeking a major acquisition of a quality company in the hi-tech sector. On 10 March this year we announced that negotiations were taking place for a substantial acquisition. I am now pleased to report the proposed acquisition of ingenta Limited. ingenta is a world leader in creating on-line knowledge communities and is already one of the UK's top 20 web services. You are referred to the circular to shareholders dated 27 April 2000 for further information.

G A Naggar
Chairman
26 April 2000



Directors and Advisers

Executive Directors

Guy Naggar *Chairman*
Ralph Elman BSc FCA

Non-Executive Directors

Malcolm Braun FCIS, FCMA
Timothy Hockings BSc ACA
Peter Klimt
Peter Lazard CA
John Norris BSc (Eng.) PhD

Secretary

Malcolm Braun FCIS, FCMA

Registered Office

Registered No 837205
St Alphage House
Fore Street
London EC2Y 5DH

Head Office

15 Grosvenor Gardens
London SW1W 0BD

Bankers

National Westminster Bank
Oxford Circus Business Centre
Argyll House
246 Regent Street
London W1R 6PB

Registered Auditors

PricewaterhouseCoopers
Harman House
1 George Street
Uxbridge UB8 1QQ

Registrars

Connaught St Michaels Limited
Cresta House
Alma Street
Luton
Bedfordshire LU1 2PU

Stockbrokers

Albert E Sharp
Temple Court
35 Bull Street
Birmingham B4 6ES

Report of the Directors

The directors present their report and accounts for the year ended 31 March 2000.

Activities and Business Review

The principal activities of the Group during the year was property management.

Details of the companies within the Group are shown in note 12 to the accounts.

A review of the Group's business activities and future developments is contained in the Chairman's statement on page 1.

Results

The consolidated profit and loss account for the year is set out on page 8.

Dividends

	Pence per share	£'000
Interim paid	1.00	87
Second interim	2.00	174
	<u>1.00</u>	<u>261</u>

Statement of Directors' Responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that year.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 2000. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Corporate Governance

The Board recognises the importance of good corporate governance and has, over the years, ensured that appropriate corporate governance procedures are in place within the Company and are kept under regular review.

The Board currently comprises two executive directors and five non-executive directors.

The Board has a formal schedule of matters specifically reserved to it.

The Board has procedures in place which allow for Board members to take independent professional advice where appropriate.

Directors will receive appropriate training on the first occasion that they are appointed to the Board.

The Board is pleased to confirm that the Company has applied the principles set out in the Combined Code incorporated into the London Stock Exchange listing rules and complied throughout the year with the provisions set out in Section 1 of the Combined Code with the following exceptions:

The posts of chairman and chief executive officer are combined due to the reduced level of activity within the company. The senior independent director is Dr John Norris.

All non-executive directors are independent of management. However all non-executive directors other than Dr John Norris are either directly, or are associated with, shareholders.

The service agreement with Mr Elman can be terminated by either party on three months notice. There are no other service agreements with directors.

As the Board is small, the matters which are usually reserved for the attention of an Audit Committee and a Nomination Committee are dealt with by the full Board.

Report of the Directors continued

Directors' remuneration

The members of the Remuneration Committee throughout the year ended 31 March 2000 were Dr John Norris and Mr Timothy Hockings.

A statement of remuneration policy and details of the remuneration of each Director is set out in the Remuneration Report.

Relations with shareholders

The Board recognises the importance of maintaining good communication with both institutional and private shareholders.

This communication link includes meetings with existing and potential institutional investors following both the interim and final results announcements of the Company, press releases on matters of interest to all investors.

The Company encourages attendance at its Annual General Meeting where each resolution is separately put to the meeting and at which the Chairman makes a statement on the current year's performance and the near-term financial outlook.

Internal Financial Controls

The Board has established procedures necessary to implement the requirements of the Combined Code relating to internal control as reflected in the September 1999 guidance "Internal Control: Guidance for Directors on the Combined Code" (the *Turnbull Guidance*). In respect of the application of principle D2 of the Combined Code, the Board has adopted the transitional approach to disclosure set out in the letter from the Stock Exchange dated 27 September 1999 and therefore the comments below relate only to internal financial control procedures.

The directors acknowledge that they are responsible for the Group's system of internal financial control. It should be recognised that such a system can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board meets at regular and frequent intervals and is responsible for the overall direction, financial planning, capital expenditure and strategy of all companies within the Group.

The key procedures established by the Board include maintenance of budgetary controls, preparation of *monthly management accounts, cash flows and capital project appraisals*. A review of the effectiveness of the system of internal financial control in respect of all companies in the Group has been performed: currently the Group is engaged in individual projects and each of these is appraised, monitored and reviewed by the board, such review including the appraisal and assessment of business risk.

Going concern

After making appropriate enquiries the directors have a reasonable expectation that the Group and the Company have 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 Group and Company Financial Statements.

Directors

Guy Naggar, appointed 22 January 1998. Mr Naggar is chairman of Dawnay, Day & Co Limited, member of the London Investment Banking Association. He has been involved in Merchant Banking for the past 36 years, and was previously a Director of the Charterhouse Group Limited.

Ralph Elman, FCA, appointed 11 February 1998. Mr Elman is currently senior partner of Elman Wall (Chartered Accountants). He has acted as Finance Director of International Communication and Data Plc and acts as a director of a number of private companies.

Malcolm Braun FCIS, FCMA, joined Delyn in 1977 as Company Secretary and was appointed Financial Director in November 1978. He retired from executive employment in December 1996 and has remained as a non-executive director of the company.

Timothy Hockings ACA, appointed 23 March 1998. Mr Hockings is currently Chief Executive of Robert Stephen Holdings Limited.

Report of the Directors *continued*

Peter Klimt, appointed 23 March 1998. Mr Klimt is a solicitor and has been involved in the property sector for approximately 27 years. He was the Senior Tax Partner at D J Freeman for approximately seven years. He became Chairman of Dawnay, Day Properties Plc when it commenced business in 1986 and in 1992 became a Director of Dawnay, Day International Limited. He is also a non-executive director of Bourne End Properties Plc.

Peter Lazard, CA, appointed 23 March 1998. Mr Lazard is the Company Secretary of Robert Stephen Holdings Limited and a Director of three Robert Stephen Holdings subsidiaries.

John Norris, BSc (Eng), PhD Chemical Engineer, appointed December 1977. He has wide experience in the field of paper, packaging and building products and has been Investment Director with the Welsh Development Agency.

All directors are subject to election by shareholders at the first opportunity after their appointment, and to re-election thereafter at intervals of no more than three years.

Substantial shareholdings

At 10 April 2000 interests in 3% or more of the company's shares were:

	Ordinary shares	%
Robert Stephen Holdings Limited	2,188,250	25.0
Dawnay, Day Nominees Limited*	2,003,000	22.9
Framlington Investment Management Limited	750,000	8.6
Oryx International Growth Fund Limited	430,000	4.9
Two trusts for Sir Harry Solomon and his family	352,000	4.0

*Dawnay, Day Nominees Limited hold shares on behalf of:

	Ordinary shares	%
ForwardIssue Limited (a company owned by Mr G Naggar and his wife)	901,350	10.3
Stingray Limited (a company owned by Mr P Klimt and his wife)	901,350	10.3
Dawnay, Day & Co., Limited	200,300	2.3
	<u>2,003,000</u>	<u>22.9</u>

Fixed assets

Changes in the Group's fixed assets are detailed in notes 11 and 12 to the accounts. There is no significant difference between the market value and the balance sheet value of investment properties at the year-end.

Directors' and Officers' Liability Insurance

The Company has maintained liability insurance during the year for its directors and officers and those of its subsidiary companies.

Year 2000

As discussed in the 1999 accounts, the Group conducted a risk based review of its computer and other systems to identify those which could be affected by the year 2000 issue.

No significant problems were encountered in relation to this issue at the date of the change-over, and the directors continue to monitor this issue and have developed suitable contingency plans to mitigate risks.

The Euro

The Group does not currently conduct any business in the European currencies; however, it has reviewed its procedures and is confident that it will be ready to conduct business in the Euro if needed.

Report of the Directors *continued*

Post balance sheet events

The Group is in the process of negotiating the potential sale of its investment properties shown under note 11 in these Financial Statements. The sale is anticipated to be concluded in July 2000 and the sales proceeds are not expected to be materially different from the balance sheet value as shown at 31 March 2000.

Charitable and Political Contributions

The total amount of political and charitable contributions made by the Group during the year was £Nil (1999: £Nil).

Creditor payment policy

The Group's payment policy is to negotiate terms with its suppliers at the time they are engaged and to abide by the terms agreed. During the year ended 31 March 2000 the company on average paid its creditors within 30 days of receipt of invoice, as in prior years.

Employees

Employees of the Group and its subsidiaries are regularly consulted by management and kept informed of matters affecting them and the overall development of the Group.


The Group's policy is to provide, wherever possible, employment opportunities and training for disabled people, to care for employees who become disabled and to make the best possible use of their skills and potential. It also operates an equal opportunities policy.

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

Malcolm Braun
Secretary
26 April 2000



Remuneration Report

Compliance

Except as described below the Company has complied with Section 'B' of the Combined Code and the Remuneration Committee confirms that it has given full consideration to Section B of these provisions in framing its remuneration policy.

The Remuneration Committee during the year comprised two independent non-executive directors, Dr John Norris and Mr Timothy Hockings.

During the year the Committee decided upon the remuneration policy applicable to executive directors and the Group's other senior management. In setting the policy it considers a number of factors including salaries and benefits of comparable companies, the need to attract and retain directors of an appropriate calibre together with the need to ensure executive directors' commitment to the continued success of the Group.

The remuneration of the non-executive directors is determined by the Board.

The non-executive directors do not receive any pension or other benefits from the company, nor do they participate in any bonus or incentive schemes.

Directors' detailed emoluments

	2000 Salary/ Fees £	1999 Salary/ Fees £
Executive		
G Naggar	10,000	10,000
R Elman (highest paid director)	24,000	24,000
Non-executive		
Dr J Norris	16,668	16,668
P Klimt	10,000	10,000
M Braun	15,000	15,000
T Hockings	10,000	10,000
P Lazard	10,000	10,000
	95,668	95,668

Interests in shares

The interests in shares of the Company of the directors in office at the year end were as follows:

Beneficial and family interests in 5p ordinary shares	No of shares	
	31 March 2000	31 March 1999
G Naggar	901,350	901,350
R Elman	11,600	11,600
M Braun	138,800	138,800
T Hockings	-	-
P Klimt	901,350	901,350
P Lazard	-	-
Dr J Norris	-	-

In addition to the above Messrs. Naggar and Klimt have a joint beneficial interest in 200,300 ordinary shares owned by Dawnay, Day & Co Limited.

Interest in Share Options

None of the directors held share options during the year.

Consolidated Profit and Loss Account
for the year ended 31 March 2000

Notes	31 March 2000 £'000	31 March 1999 £'000	
1	Turnover	318	318
	Cost of sales	(1)	(13)
	Gross profit	317	305
3	Operating expenses	(248)	(267)
	Other operating income	33	-
	Group operating profit	102	38
	Share of operating (loss) in joint ventures	(1)	(7)
	Total operating profit: group and share of joint ventures	101	31
	Net interest receivable		
4	- Group	434	549
	- Joint ventures	4	15
5	Profit on ordinary activities before taxation	539	595
7	Taxation on profit on ordinary activities	(152)	222
	Profit on ordinary activities after taxation	387	817
8	Dividends paid and proposed	(261)	(261)
	Retained profit for the period	126	556
		2000	1999
		Pence	Pence
9	Basic earnings per ordinary share of 5p	4.43	9.35

There is no difference between the basic earnings per share and the diluted earnings per share amounts.

The above results are derived solely from continuing operations.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the periods stated above, and their historical cost equivalents.

The company has no recognised gains and losses other than those included in the results above and therefore no separate statement of recognised gains and losses has been presented.

There was no turnover generated from the operation of the joint ventures in the year.

The notes on pages 12 to 21 form an integral part of these accounts.

Consolidated Balance Sheet

31 March 2000

Notes	31 March 2000 £'000	31 March 1999 £'000
Fixed assets		
11 Tangible assets	2,952	2,962
12 Interests in joint ventures:		
– Share of gross assets	211	226
– Share of gross liabilities	<u>(156)</u>	<u>(174)</u>
	55	52
	<u>3,007</u>	<u>3,014</u>
Current assets		
13 Debtors	225	175
Short term bank deposits	8,172	7,953
Cash at bank and in hand	50	110
	<u>8,447</u>	<u>8,238</u>
14 Creditors: amounts falling due within one year	<u>(476)</u>	<u>(411)</u>
Net current assets	<u>7,971</u>	<u>7,827</u>
Total assets less current liabilities	<u>10,978</u>	<u>10,841</u>
15 Provisions for liabilities and charges	(312)	(301)
Net assets	<u>10,666</u>	<u>10,540</u>
Capital and reserves		
17 Called up share capital	437	437
18 Share premium account	181	181
18 Revaluation reserve	1,150	1,150
18 Profit and loss account	8,898	8,772
19 Equity shareholders' funds	<u>10,666</u>	<u>10,540</u>

The financial statements on pages 8 to 21 were approved by the board of directors on 26 April 2000 and were signed on its behalf by:

Guy Naggar
Ralph Elman
Directors




The notes on pages 12 to 21 form an integral part of these accounts.

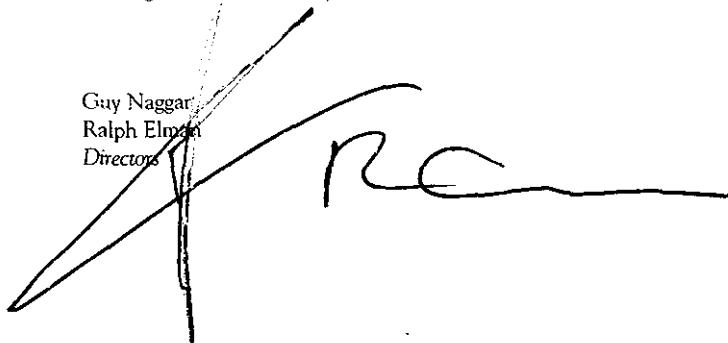
Company Balance Sheet

31 March 2000

Notes	31 March 2000 £'000	31 March 1999 £'000
Fixed assets		
11 Tangible assets	2,952	2,962
12 Investments	-	-
	2,952	2,962
Current assets		
13 Debtors	204	156
Short term bank deposits	8,172	7,952
Cash at bank and in hand	39	96
	8,415	8,204
14 Creditors: amounts falling due within one year	(663)	(592)
	7,752	7,612
	Net current assets	
	10,704	10,574
15 Provisions for liabilities and charges	(312)	(301)
	10,392	10,273
Capital and reserves		
17 Called up share capital	437	437
18 Share premium account	181	181
18 Revaluation reserve	1,150	1,150
18 Profit and loss account	8,624	8,505
	10,392	10,273
	Equity shareholders' funds	
	10,392	10,273

The financial statements on pages 8 to 21 were approved by the board of directors on 26 April 2000 and were signed on its behalf by:

Guy Naggari
Ralph Elman
Directors



The notes on pages 12 to 21 form an integral part of these accounts.

Consolidated Cash Flow Statement
for the year ended 31 March 2000

	2000 £'000	1999 £'000
Notes 20(i)		
Net cash inflow/(outflow) from operating activities	10	(41)
Returns on investments and servicing of finance		
Interest received	434	549
Net cash inflow from returns on investments and servicing of finance	434	549
Taxation		
UK Corporation tax (paid)/repaid	(31)	517
Capital expenditure and financial investment		
Sale of tangible fixed assets	7	63
Net cash inflow for capital expenditure and financial investment	7	63
Equity dividends paid to shareholders	(261)	(218)
Cash inflow before management of liquid resources and financing	159	870
Management of liquid resources		
Increase in short term bank deposits	(219)	(953)
20(ii) Decrease in cash in period	(60)	(83)

The notes on pages 12 to 21 form an integral part of these accounts.

Notes to the Financial Statements
for the period ended 31 March 2000

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and the Companies Act 1985, other than in respect of the treatment of Government grants and the revaluation of properties. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

These financial statements have been prepared under the historical cost basis as modified by the revaluation of land and buildings and are in accordance with applicable accounting standards.

Consolidation

The Group accounts include the accounts of the Company and all subsidiaries. Intra group sales and profits are eliminated fully on consolidation.

Fixed assets

Investment properties are carried at valuation and all other fixed assets are carried at their purchase cost together with any incidental costs of acquisition.

Other fixed assets, which comprise plant and equipment, are depreciated on a straight line basis over their estimated useful lives of between 3 and 10 years.

The Group has continued to adopt a policy of revaluation for its investment properties. The introduction of FRS 15 'Tangible Fixed Assets' has had no material impact on the accounts.

In accordance with SSAP19, (i) investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve and (ii) no depreciation or amortisation is provided in respect of freehold investment properties. The requirements of the Companies Act 1985 ("The Act") is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle set out in SSAP19. The directors consider that as these properties are not held for consumption but for investment, to depreciate them would not give a true and fair view and that it is necessary to adopt SSAP19 in order to give a true and fair view. The effect of this departure is stated in Note 11.

Full valuations are made by independent professionally qualified valuers every five years and in the intervening years, these valuations are updated by directors with the assistance of independent professional advice as required.

Government grants

Government and local authority grants relating to investment properties have been deducted from the cost of fixed assets. This is not in accordance with schedule 4 to the Act, which requires fixed assets to be shown at their purchase price or production cost and for grants and contributions to be presented as deferred income. This departure from the requirements of the Act is, in the opinion of the directors, necessary for the accounts to give a true and fair view as no provision is made for depreciation and any grants and contributions relating to such assets would not be taken to the profit and loss account. The effect of this departure is stated in Note 11.

Operating leases

Rental costs under operating leases are charged to the profit and loss account by equal amounts over the periods of the leases.

Investments

Shares in subsidiary companies are stated at cost, subject to a review for impairment. Other investments are shown at the lower of cost and market value.

Turnover

Group turnover comprises the net invoiced value of property rentals to third parties (excluding VAT). All sales originate from the United Kingdom and relate to property.

Notes to the Financial Statements continued
for the period ended 31 March 2000

Deferred taxation

Provision is made for timing differences between the treatment of items for taxation and accounting purposes to the extent that it is probable that a liability will crystallise in the foreseeable future.

2 Holding company profit and loss account

The Company has taken advantage of the exemption in the Companies Act 1985 and accordingly does not present its own profit and loss account.

The Company's retained profit for the financial year was £119k (1999: £561k).

3 Operating expenses

	2000	1999
	£'000	£'000
Administrative expenses	248	267
Total operating expenses	248	267

4 Net interest receivable

	2000	1999
	£'000	£'000
Interest from bank deposits	434	512
Interest on tax repayment	–	37
	434	549

5 Profit on ordinary activities before taxation

	2000	1999
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation and amounts written-off tangible fixed assets	5	12
Rental of land and buildings	23	17
Hire of other assets – operating leases	1	4
Auditors' remuneration – Audit (Company £20k)	20	14
– Other (Company £25k)	25	16
Profit on disposal of tangible fixed assets	(1)	(10)

Notes to the Financial Statements continued
for the period ended 31 March 2000

6 Employees

	2000 £'000	1999 £'000
Particulars of employees (including executive directors) are as shown below:		
Employee costs during the year amounted to:		
Wages and salaries	34	46
Social security costs	1	1
Other pension costs	–	–
	35	47
	2000 Number	1999 Number
The average number employed (including executive directors) during the year was:		
Administration	2	2
	2	2

7 Tax on profit on ordinary activities

	2000 £'000	1999 £'000
Tax on profit on ordinary activities for the year was:		
UK corporation tax at 30% (1999: 31%) – current year	(142)	(42)
Deferred tax	(11)	(15)
Irrecoverable ACT	–	(16)
Adjustments in respect of prior years – current	1	298
– deferred	–	2
Joint ventures	–	(5)
	(152)	222

8 Dividends on equity shares

	2000 £'000	1999 £'000
Interim paid on 6 January 2000: 1.00p (1999: 1.00p)	87	87
Second interim proposed 2.00p (1999 final proposed: 2.00p)	174	174
	261	261

9 Earnings per share

The calculation of the earnings per share is based on profit after tax of £387,000 (1999: £817,000) and 8,740,124 (1999: 8,740,124) ordinary shares of 5p each, being the weighted average number of ordinary shares in issue and ranking for dividend during the period.

Notes to the Financial Statements continued
for the period ended 31 March 2000

10 Directors' remuneration

	2000	1999
	£'000	£'000
Aggregate emoluments	96	96

Details of Directors' remuneration are shown in the Remuneration Report on page 7.

11 Tangible fixed assets

	Investment properties £'000	Plant and equipment £'000	Total £'000
Group and Company			
Cost or valuation			
At 1 April 1999	2,951	36	2,987
Cost of disposals	-	(30)	(30)
At 31 March 2000	2,951	6	2,957
Depreciation			
At 1 April 1999	-	25	25
Amount provided	-	5	5
Eliminated on disposal	-	(25)	(25)
At 31 March 2000	-	5	5
Net book value			
At 31 March 2000	2,951	1	2,952
At 1 April 1999	2,951	11	2,962
		2000	1999
		£'000	£'000
Investment properties comprise:			
Freehold land and buildings		2,951	2,951

The Group's investment properties were revalued on 28 February 1997 by Pyle Owen & Partners, an independent firm of surveyors, at open market value. The surplus arising of £267,000 was credited to revaluation reserve in the period ended 31 January 1997. In the opinion of the directors there has been no significant change in market value at the year end.

Notes to the Financial Statements *continued*
for the period ended 31 March 2000

	Group 2000 £'000	Group 1999 £'000	Company 2000 £'000	Company 1999 £'000
Investment properties are stated at:				
Open market value	2,951	2,951	2,951	2,951
The historical cost of investment Properties is:				
Cost (less grant of £157,874)	2,338	2,338	2,338	2,338
Accumulated depreciation based on historical cost	(580)	(533)	(580)	(533)
<i>Historical cost net book value</i>	<i>1,758</i>	<i>1,805</i>	<i>1,758</i>	<i>1,805</i>

If departure from the Act had not been made in respect of the treatment of investment properties and government grants, the result before taxation for the period ended 31 March 2000 would have been reduced by depreciation on the properties net of amortisation of government grants of £47,000 (1999: £47,000).

All other tangible fixed assets are stated at historical cost.

12 Fixed asset investments

Interest in group undertakings

All of the companies listed below have been consolidated into these financial statements.

(a) Subsidiary undertakings

Subsidiary undertakings	Nature of business	% Holding	Country of registration or incorporation	Nominal value of allotted shares held £
Panorama Homes Limited	Housebuilding	100%	England	2

The two dormant subsidiaries of Delyn Group PLC, namely Spencer Noble International Limited and Plastella Limited were wound up during the year ended 31 March 2000, therefore they are no longer included in these consolidated accounts.

(b) Interest in joint ventures

Joint Venture	Nature of business	% Holding	Country of registration or incorporation	Nominal value of allotted shares held £
Braemar Homes Limited (of Panorama Homes Limited)	Non-trading	50%	England	50
Braemar Homes 2 Limited (of Delyn Group PLC)	Non-trading	50%	Scotland	50
Inveresk Property Services Limited (of Braemar Homes 2 Limited)	Non-trading	50%	Scotland	36,000

Notes to the Financial Statements continued
for the period ended 31 March 2000

	Group 2000 £'000	Group 1999 £'000	Company 2000 £'000	Company 1999 £'000
At beginning of year	52	49	-	-
Share of profits before taxation	3	8	-	-
Share of taxation	-	(5)	-	-
At 31 March 2000	55	52	-	-

Details of the net assets of the joint ventures are set out below:

	2000 £'000	1999 £'000
Cash	340	370
Other debtors	1	1
Amounts owed by group undertakings	82	81
Creditors	(52)	(93)
Amounts due to shareholders	(261)	(255)
Net assets of joint ventures	110	104

13 Debtors

	Group 2000 £'000	Group 1999 £'000	Company 2000 £'000	Company 1999 £'000
Amounts falling due within one year:				
Other debtors	-	1	-	29
Prepayments and accrued income	113	28	113	-
Amounts due from joint ventures	108	106	87	85
Corporation tax	-	36	-	38
Advance corporation tax	4	4	4	4
	225	175	204	156

The movement in the amounts due from joint ventures relates to monies paid on behalf of the joint ventures.

14 Creditors: amounts falling due within one year

	Group 2000 £'000	Group 1999 £'000	Company 2000 £'000	Company 1999 £'000
Trade creditors	1	8	1	8
Amounts due to subsidiaries	-	-	218	211
Proposed dividends	174	174	174	174
Other tax and social security cost	13	13	13	13
Corporation tax	98	-	96	-
Advance corporation tax	-	22	-	22
Other creditors	39	49	10	20
Accruals and deferred income	151	145	151	144
	476	411	663	592

Notes to the Financial Statements continued
for the period ended 31 March 2000

15 Provisions for liabilities and charges

	Deferred taxation (see below) £'000
Group and Company	
At 1 April 1999	301
Profit and loss account	11
At 31 March 2000	312

Deferred taxation provided in the accounts comprises:

	Group 2000 £'000	Group 1999 £'000	Company 2000 £'000	Company 1999 £'000
Excess capital allowances over depreciation	312	301	312	301

The unprovided amounts of deferred taxation for timing differences are as follows:

	Group 2000 £'000	Group 1999 £'000	Company 2000 £'000	Company 1999 £'000
On short-term timing differences	(2)	(2)	-	-
On losses	(1)	(1)	-	-
	(3)	(3)	-	-

No deferred tax has been provided in respect of the revaluation of investment properties.

16 Financial instruments

The Group's financial instruments utilised to finance the operations of the Group comprise cash, treasury deposits and items such as trade and other debtors and creditors arising directly from the operations.

The Group maintains the majority of its surplus funds in sterling treasury deposits at a fixed rate renewed on a monthly basis in order to maximise interest earned.

The Group has no currency exposure as there are no foreign currency transactions or operations.

It is, and has been the Group's policy throughout the year, not to trade in financial instruments.

In accordance with the requirements of FRS 13, the following information is given to provide a clear understanding of the Group's treasury position. As allowed under the standard, short term debtors and creditors have been excluded from all the following disclosures.

(a) Financial assets

The Group's financial assets comprise cash and treasury deposits. The interest rate of treasury deposit is fixed on a month by month basis. The fixed rate was 5.16% p.a. at 31 March 2000 being effective to the next renewal date of 21 April 2000. The interest rate fluctuated between 4.87% to 6.00% during the year (1999: between 5.50% to 7.63%).

The cash balances are held on reserve and current accounts and these earn interest at a floating rate which is receivable at rates between 1.45% and 4.63% (1999: between 4.63% and 6.87%).

Notes to the Financial Statements continued
for the period ended 31 March 2000

(b) Financial liabilities

The Group has no financial liabilities other than short term creditors, which are excluded from the disclosures as noted above.

The Group has no interest bearing or foreign currency financial liabilities. All financial liabilities are due within one year.

(c) Committed undrawn facilities

The group has no committed undrawn facilities at 31 March 2000.

(d) Fair values of financial assets and financial liabilities

In the board's opinion, the carrying value of all financial assets and liabilities represents the "fair value" of such assets/liabilities.

17 Called-up share capital

	2000	1999
	£'000	£'000
Ordinary shares of 5p each:		
Authorised	1,000	1,000
<hr/>		
Allotted, called up and fully paid 8,740,124 (1999: 8,740,124) ordinary shares of 5p	437	437

18 Reserves

Group

	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000
At 1 April 1999	181	1,150	8,772
Profit for the year	-	-	126
<hr/>			
At 31 March 2000	181	1,150	8,898

Company

	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000
At 1 April 1999	181	1,150	8,505
Profit for the year	-	-	119
<hr/>			
At 31 March 2000	181	1,150	8,624

In addition to the surplus on revaluation of £267,000 in 1997, there is included within the revaluation reserve £883,000 received by way of a claim following the rebuilding of the investment property in 1983.

Notes to the Financial Statements continued
for the period ended 31 March 2000

19 Reconciliation of movements in shareholders' funds

	2000 £'000	1999 £'000
<i>Profit for the financial period</i>	387	817
<i>Dividends</i>	(261)	(261)
<i>Net addition to shareholders' funds</i>	126	556
<i>Opening shareholders' funds</i>	10,540	9,984
<i>Closing shareholders' funds</i>	10,666	10,540

20 Cash flow statement

i) Net cash flow from operating activities

	2000 £'000	1999 £'000
<i>Reconciliation of operating profit/(loss) to net cash outflow from operating activities:</i>		
<i>Operating profit</i>	102	38
<i>Depreciation of tangible fixed assets</i>	5	12
<i>Profit on sale of tangible fixed assets</i>	(1)	(10)
<i>(Increase)/decrease in debtors and prepayments</i>	(86)	4
<i>(Decrease)/increase in trade and other creditors</i>	(16)	19
<i>Increase/(decrease) in other taxation and social security</i>	-	(72)
<i>Increase/(decrease) in accruals and deferred income</i>	6	(32)
<i>Net cash inflow/(outflow) from operating activities</i>	10	(41)

ii) Reconciliation of net cash flow to movement in net funds

	2000 £'000	1999 £'000
<i>Decrease in cash in the year</i>	(60)	(83)
<i>Increase in treasury deposits</i>	219	953
<i>Change in net funds resulting from cash flows</i>	159	870
<i>Movement in net funds in the year</i>	159	870
<i>Net funds at 1 April 1999</i>	8,063	7,193
<i>Net funds at 31 March 2000</i>	8,222	8,063

iii) Analysis of net funds

	At 1 April 1999 £'000	Cashflow £'000	At 31 March 2000 £'000
<i>Cash at bank and in hand</i>	110	(60)	50
<i>Short term bank deposits</i>	7,953	219	8,172
<i>Net funds</i>	8,063	159	8,222

Notes to the Financial Statements continued
for the period ended 31 March 2000

21 Capital expenditure

There is no capital expenditure approved by the directors and not provided for in the accounts.

22 Operating lease commitments

At 31 March 2000 the Group and Company had no operating lease commitments.

	Land and buildings 2000 £'000	Other 2000 £'000	Land and buildings 1999 £'000	Other 1999 £'000
Within one year	-	1	-	1

23 Contingent liabilities

The Company is subject to unlimited guarantees in respect of the bank borrowings of other group companies which, at the year end, amounted to £Nil (1999 : £Nil).

The Company has guaranteed the annual rental payments of £26,250 under the terms of the lease that expires on 29 September 2002 in respect of its former subsidiary Alpha Products (Bristol) Limited. Under the terms of the disposal of this company, Pactiv (UK) Limited (formerly Tenneco Packaging Limited) has undertaken to assume this guarantee. At the date of approval of these accounts the transfer of the guarantee had not been completed.

24 Related party transactions

- (a) The company has taken advantage of the exemption from the additional disclosures required by FRS 8 of transactions and balances with subsidiary companies as all balances between group entities have been eliminated on consolidation.

Amounts owing by and to joint ventures at the year end are summarised below:

	Amounts owed by joint ventures 2000 £'000	Amounts owed to joint ventures 2000 £'000
Braemar Homes Limited	24	-
Braemar Homes 2 Limited	-	38
Inveresk Property Services Limited	122	-
	146	38

- (b) Messrs G Naggar and P Klimt are connected with Wilcourt Investments Limited. The company leased premises from Wilcourt Investments Limited during the year. Rent and office services paid during the year amounted to £17,664 (1999: £16,178). The rent and office services were paid on normal commercial terms.
- (c) Messrs G Naggar and P Klimt are connected with Dawney Day Insurance Services Limited which acts as insurance brokers on behalf of the Company on normal commercial terms. Amounts paid during the year amounted to £4,325 (1999: £3,004).
- (d) Mr R Elman is connected with Elman Wall (Chartered Accountants). The company received administration services from Elman Wall during the year. The administration charge accrued during the year amounted to £4,750 (1999: £Nil). The administration charge was on normal commercial terms.
- (e) Mr P Klimt is connected with Klimt & Co., solicitors. Klimt & Co provided the company with legal services during the year. No fees are yet due.

Report of the Auditors

To the members of Delyn Group plc

We have audited the financial statements on pages 8 to 21 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 12 and 13. We have also examined the amounts disclosed relating to the emoluments of the Directors which form part of the Remuneration Report on page 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practice Board, the Listing Rules of the London Stock Exchange and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

We review whether the statements on pages 4, 5 and 7 reflect the company's compliance with the seven provisions of the Combined Code specified for our review by the London Stock Exchange, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

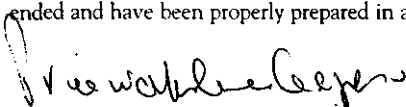
Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group at 31 March 2000 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
West London
26 April 2000