



M WINKWORTH PLC
ANNUAL REPORT & ACCOUNTS 2014



FRIDAY



A46Z5HEX

A28

08/05/2015

#126

COMPANIES HOUSE

Winkworth

Contents

Company Information	1	Company Statement of Financial Position	12
Chief Executive Officer's Statement	2	Consolidated Statement of Changes in Equity	13
Non-Executive Chairman's Statement	4	Company Statement of Changes in Equity	14
Group Strategic Report	5	Consolidated Statement of Cash Flows	15
Report of the Directors	6	Company Statement of Cash Flows	16
Report of the Independent Auditor	8	Notes to the Statements of Cash Flows	17
Consolidated Statement of Comprehensive Income	10	Notes to the Consolidated Financial Statements	18
Consolidated Statement of Financial Position	11	Notice of Annual General Meeting	35

Company Information

DIRECTORS

S P Agace
D C M Agace
L M Alkin
C Neoh
J Nicol

SECRETARY

Miss M O Doregos

REGISTERED OFFICE

11 Berkeley Street
Mayfair
London
W1J 8DS

REGISTERED NUMBER

01189557

COUNTRY OF INCORPORATION

England and Wales

AUDITOR

Chantrey Vellacott DFK LLP
Chartered Accountants and Statutory Auditor
Russell Square House
10-12 Russell Square
London
WC1B 5LF

Chief Executive Officer's Statement

The property sales market started the year on a very strong note, with mortgage approvals rising by 43% year-on-year in the first half of 2014. Momentum faded, however, as the mortgage market review came into force, affecting affordability and taking the steam out of a highly active market. In addition, a year-on-year increase in London prices of up to 20% indicated that a pause for breath was in order. For the year as a whole, residential transactions in England once again broke through the one million mark, increasing by 13.7% to 1,051,500 from 924,470 in 2013, but still 22% lower than the 2007 peak.

Within this overall trend the most active part of Winkworth's sales business was outside of London, with transactions in the country increasing by 18% and revenues by 21%. This compared to an increase in greater London transactions of 3%. In line with much of the sector pre-election uncertainty, a strengthening pound and increased stamp duty on properties over £935,000 had a particularly negative impact on our central London business, where transactions fell by 15%. It was, however, encouraging to see that despite this downturn Winkworth's overall central London revenues grew by 2%, with rental income 14% higher and average commissions increasing by 13% as a result of higher value properties being sold.

In 2014, Winkworth's total franchisee turnover rose by 8% to £50.2 million (£46.3 million), with revenues generated from property sales growing by 8% to £32.3 million (£30.0 million) and rental income increasing by 9% to £17.5 million (£16.1 million).

Winkworth's turnover rose to £5.50 million, an increase of 11.3% on the 2013 level of £4.94 million. At £1.93 million, profits before tax were 13.9% higher than 2013's result of £1.69 million. Cash flow remained strong at £1.24 million (£2.18 million), allowing an increased dividend of 5.9p per share compared to 5.4p in 2013.

Six new offices were opened in 2014, of which five are in the key South-East and South-West England locations of Reading, Salisbury, Enfield, Ramsbury and London Colney, and one international office in Spain. As part of an ongoing plan to improve the quality of our network, poor performing offices were closed in Walthamstow, Sheffield, South Woodford and India.

So far this year we have opened two new offices in West Bridgford (Nottingham) and Sway in the New Forest, with the intention of opening a further six new offices this year.

Besides expanding the number of franchises, we have also added new services to the business. We expect these to further support both our franchisees and their customers and help Winkworth to develop and diversify with new streams of income.

Our Clients Services Department has been introduced to help buyers find their way around the Winkworth offering and take advantage of a multiple-office estate agency with a personal, boutique approach. We continue to invest in this initiative to further improve how we can promote the cross-referral of clients throughout our network.

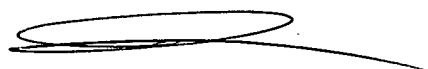
A more recent addition is the Corporate Relocation Service, where a central point of contact is now available for relocation agents or Human Resources departments seeking accommodation options in multiple locations for their clients or employees. This service will create a first point of contact, allowing these intermediaries to access the entire Winkworth network and find the most suitable accommodation in the quickest and easiest possible way.

By providing a more attentive service to corporates we are also, of course, helping our landlords in their quest to find high quality tenants. This new focus forms part of our plan to further improve our lettings proposition and increase its weight from 35% to nearer 50% of our turnover.

Outlook

Experience shows that it is traditional for the property market to be affected by uncertainty before elections, with activity returning to above normal seasonal levels after the event.

We expect this trend to be borne out in 2015, with the property market remaining below last year's highly active level until polling day. Assuming a conclusive result, we believe that the market will enjoy a post-election bounce, restoring transactions to 2014 levels. We anticipate that prices will recoup the weakness of the opening months and show modest appreciation for the year as a whole.



D C M Agace
Chief Executive Officer

13 April 2015

Non-Executive Chairman's Statement

In 2015, we celebrate Winkworth's 180th year in business. After another good year in 2014 I would like to congratulate the franchising team and all the franchisees for their efforts, and offer particularly warm thanks to the non-executive directors who have continued to give us the benefit of their combined extensive business experience.

We are delighted that many of the objectives highlighted in our 2009 admission document have been fulfilled and that, while strengthening our position in London, we have built up our presence in targeted country towns. We raised approximately £2 million on flotation and subsequent placement of shares and, having used additional capital to expand our business, we have rebuilt our deposits to above this level thanks to our ability to generate cash. We have thus been in a position to lend £1 million over the last few years to selected franchisees, with an average repayment period of three years, to help them fund the development of their businesses and ultimately increase the Company's revenues.

Our long term conservative approach and concentration on our core business means that we can remain positive for the future. In what is likely to be a 'year of two halves', 2015 may be affected by policies mooted in election promises but we believe that Winkworth will continue to grow, even if more modestly than its recent rapid rate.

The Election will, we hope, bring clarification of the various parties' intentions towards the workings of the homes' market, residential investment and buy-to-let. The key issue is the 'mansion tax', which appears to be an 'occupational' tax impacting mainly London. This would create difficulties with short leases where, for instance, the occupational value (the freehold) may be significantly higher than the leasehold occupational interest. Similarly, in the rental market corporate tenants may well occupy a house with a freehold value above the mansion tax threshold and, therefore, will be paying an occupational mansion tax. This will affect corporate budgets and has tax implications. I started my career in the property world as a Chartered Surveyor in the late 1960s when I witnessed the ending of rental controls, which healed the damage done on the provision of homes and improved the quality of property in London. I therefore note the current climate with a certain degree of anxiety for the home-buying public.

The rental market has changed for the better as a result of some excellent regulation, but there is a delicate balance between regulation and altering the relationship between tenant and landlord. Intervention on rents and security of tenure has in the past damaged both market liquidity and good business values.

Such issues will no doubt disappear or become clearer after May, but as always there may be unexpected hurdles ahead for estate agencies, just as for many other industries. I remain confident, however, that Winkworth's diversified and widespread presence puts it in a strong position to absorb any fluctuations that these may cause.

S P Agace
Non-Executive Chairman



13 April 2015

Group Strategic Report

The directors present their strategic report of the company and the group for the year ended 31 December 2014.

REVIEW OF BUSINESS

A review of the business during the year and an indication of likely future developments can be found in the Chairman and Chief Executive's Statements.

The key performance indicators used by management in the year were as follows:

Turnover grew to £5.50 million, an increase of 11.3% on the 2013 level of £4.94 million.

Operating profits were £1.84 million, 10.8% higher than 2013's result of £1.66 million.

The group continues to grow with 6 new franchise offices opened in the UK (2013: – 4).

The key business highlights during the year were as follows:

Franchised offices sales up 8% on 2013 to £50.2 million, and London property sales accounted for 81% (2013: 80%) of the group total.

21% increase in revenues from country offices and 35% of sales derived from lettings and management.

RISKS FACTORS

The group is exposed to more external than internal risks, the main ones being competitive pressures and the housing market.

Competition: Winkworth faces ongoing competition from all three types of agencies – corporate networks, independent businesses and franchise networks. With the growth of online estate agents, the margins on estate agents' commissions may come under pressure, resulting in lower revenues for the group. In the future, increased private sales activity is another factor that could affect the group's revenues.

The housing market: Winkworth is exposed to material fluctuations in the housing market. In a low volume market pressure on fees is increased, leading to lower revenues on a smaller number of transactions. In particular, Winkworth is exposed to material fluctuations in the London market, with the majority of revenues generated by franchisees concentrated in the London area.

OUTLOOK

Experience shows that it is traditional for the property market to be affected by uncertainty before elections, with activity returning to above normal seasonal levels after the event.

We expect this trend to be borne out in 2015, with the property market remaining below last year's highly active level until polling day. Assuming a conclusive result, we believe that the market will enjoy a post-election bounce, restoring transactions to 2014 levels. We anticipate that prices will recoup the weakness of the opening months and show modest appreciation for the year as a whole.

ON BEHALF OF THE BOARD:



D C M Agace
Director

13 April 2015

Report of the Directors

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2014.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of franchisor to the Winkworth estate agencies.

DIVIDENDS

An interim dividend of £747,898 (2013 – £671,841) was paid during the year.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2014 to the date of this report.

S P Agace
D C M Agace
L M Alkin
C Neoh

J Nicol was appointed as a director on 10 June 2014.

The directors' remuneration for the year is set out in note 3 to the financial statements.

GOING CONCERN

The Board of Directors has undertaken a recent thorough review of the group's budgets and forecasts and has produced detailed and realistic cash flow projections. These cash flow projections, when considered in conjunction with the group's existing undrawn overdraft facilities and cash (including consideration of reasonable possible changes in trading performance), demonstrate that the group has sufficient working capital for the foreseeable future. Consequently, the directors believe that the group has adequate resources to continue its operational existence. The financial statements have accordingly been prepared on a going concern basis.

WEBSITES

The group's website is www.winkworthplc.com

The commercial website is www.winkworth.co.uk

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the report of the directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF
INFORMATION TO THE AUDITOR**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditor is aware of that information.

DIRECTORS' INDEMNITIES

Third-party Director's and Officers' liability insurance was in place for all directors throughout the financial year and is currently in force.

ON BEHALF OF THE BOARD:

D C M Agace
Director

13 April 2015

Report of the Independent Auditors to the Members of M Winkworth Plc

We have audited the financial statements of M Winkworth Plc for the year ended 31 December 2014 on pages 10 to 34. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate

to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



David James (*Senior Statutory Auditor*)

for and on behalf of **Chantrey Vellacott DFK LLP**
Chartered Accountants and Statutory Auditor
Russell Square House
10-12 Russell Square
London
WC1B 5LF

13 April 2015

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2014

	Notes	2014 £	2013 £
CONTINUING OPERATIONS			
Revenue	1	5,495,517	4,944,922
Cost of sales		(950,511)	(937,975)
GROSS PROFIT		4,545,006	4,006,947
Administrative expenses		(2,704,886)	(2,347,969)
OPERATING PROFIT		1,840,120	1,658,978
Finance costs	4	(270)	(18)
Finance income	4	86,313	32,572
PROFIT BEFORE TAXATION	5	1,926,163	1,691,532
Taxation	6	(426,147)	(417,278)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,500,016	1,274,254
Total comprehensive income attributable to:			
Owners of the parent		1,500,016	1,274,254
Earnings per share expressed in pence per share:			
	9		
Basic		11.83	10.05
Diluted		11.80	9.97

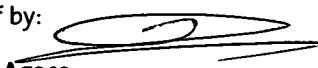
The notes on pages 18 to 34 form part of these financial statements

Consolidated Statement of Financial Position

31 December 2014

	Notes	2014 £	2013 £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10	1,092,790	1,046,350
Property, plant and equipment	11	85,211	88,228
Investments	12	7,200	7,200
Trade and other receivables	13	810,704	237,265
		1,995,905	1,379,043
CURRENT ASSETS			
Trade and other receivables	13	879,558	742,371
Cash and cash equivalents		2,505,487	2,649,072
		3,385,045	3,391,443
Assets classified as held for sale	14	–	50,084
TOTAL CURRENT ASSETS		3,385,045	3,441,527
TOTAL ASSETS		5,380,950	4,820,570
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	15	63,381	63,381
Share premium		1,718,469	1,718,469
Share option reserve		47,488	15,829
Retained earnings		2,871,971	2,119,853
TOTAL EQUITY		4,701,309	3,917,532
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax	19	6,849	6,063
CURRENT LIABILITIES			
Trade and other payables	16	490,054	657,502
Tax payable		182,738	239,473
		672,792	896,975
TOTAL LIABILITIES		679,641	903,038
TOTAL EQUITY AND LIABILITIES		5,380,950	4,820,570

The financial statements were approved by the Board of Directors on 13 April 2015 and were signed on its behalf by:


D C M Agace
 Director

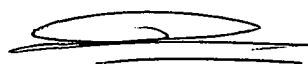
The notes on pages 18 to 34 form part of these financial statements

Company Statement of Financial Position

31 December 2014

	Notes	2014 £	2013 £
ASSETS			
NON-CURRENT ASSETS			
Investments	12	47,489	15,830
		47,489	15,830
CURRENT ASSETS			
Trade and other receivables	13	2,474,283	2,477,330
Cash and cash equivalents		357,050	352,517
		2,831,333	2,829,847
TOTAL ASSETS		2,878,822	2,845,677
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	15	63,381	63,381
Share premium		1,718,469	1,718,469
Share option reserve		47,488	15,829
Retained earnings		1,049,112	1,047,625
TOTAL EQUITY		2,878,450	2,845,304
LIABILITIES			
CURRENT LIABILITIES			
Tax payable		372	373
TOTAL LIABILITIES		372	373
TOTAL EQUITY AND LIABILITIES		2,878,822	2,845,677

The financial statements were approved by the Board of Directors on 13 April 2015 and were signed on its behalf by:



D C M Agace
Director

Company registered number: 01189557

The notes on pages 18 to 34 form part of these financial statements

Consolidated Statement of Changes in Equity

for the year ended 31 December 2014

	Share capital £	Retained earnings £	Share premium £	Share option reserve £	Total equity £
Balance at 1 January 2013	63,381	1,517,440	1,718,469	–	3,299,290
Dividends paid	–	(671,841)	–	–	(671,841)
Total comprehensive income	–	1,274,254	–	–	1,274,254
Share-based payment	–	–	–	15,829	15,829
Balance at 31 December 2013	63,381	2,119,853	1,718,469	15,829	3,917,532
Dividends paid	–	(747,898)	–	–	(747,898)
Total comprehensive income	–	1,500,016	–	–	1,500,016
Share-based payment	–	–	–	31,659	31,659
Balance at 31 December 2014	63,381	2,871,971	1,718,469	47,488	4,701,309

The notes on pages 18 to 34 form part of these financial statements

Company Statement of Changes in Equity

for the year ended 31 March 2014

	Called up share capital £	Retained earnings £	Share premium £	Share option reserve £	Total equity £
Balance at 1 January 2013	63,381	1,046,132	1,718,469	–	2,827,982
Changes in equity					
Dividends	–	(671,841)	–	–	(671,841)
Total comprehensive income	–	673,334	–	–	673,334
Share-based payment	–	–	–	15,829	15,829
Balance at 31 December 2013	63,381	1,047,625	1,718,469	15,829	2,845,304
Changes in equity					
Dividends	–	(747,898)	–	–	(747,898)
Total comprehensive income	–	749,385	–	–	749,385
Share-based payment	–	–	–	31,659	31,659
Balance at 31 December 2014	63,381	1,049,112	1,718,469	47,488	2,878,450

The notes on pages 18 to 34 form part of these financial statements

Consolidated Statement of Cash Flows

for the Year Ended 31 December 2014

	Notes	2014 £	2013 £
Cash flows from operating activities			
Cash generated from operations	1	1,236,895	2,184,059
Interest paid		(270)	(18)
Tax paid		(482,093)	(334,157)
Net cash from operating activities		754,532	1,849,884
Cash flows from investing activities			
Purchase of intangible fixed assets		(244,732)	(141,369)
Purchase of property, plant & equipment		(42,977)	(19,654)
Sale of property, plant & equipment		–	2,180
Sale of freehold property		51,177	–
Interest received		86,313	32,572
Net cash from investing activities		(150,219)	(126,271)
Cash flows from financing activities			
Equity dividends paid		(747,898)	(671,841)
Net cash from financing activities		(747,898)	(671,841)
(Decrease)/increase in cash and cash equivalents		(143,585)	1,051,772
Cash and cash equivalents at beginning of year	2	2,649,072	1,597,300
Cash and cash equivalents at end of year	2	2,505,487	2,649,072

The notes on pages 18 to 34 form part of these financial statements

Company Statement of Cash Flows

For the Year Ended 31 December 2014

	Notes	2014 £	2013 £
Cash flows from operating activities			
Cash generated from operations	1	2,869	(119,483)
Interest paid		(4)	–
Tax paid		(372)	(439)
Net cash from operating activities		2,493	(119,922)
Cash flows from investing activities			
Interest received		2,040	1,896
Dividends received		747,898	671,841
Net cash from investing activities		749,938	673,737
Cash flows from financing activities			
Equity dividends paid		(747,898)	(671,841)
Net cash from financing activities		(747,898)	(671,841)
Increase/(decrease) in cash and cash equivalents		4,533	(118,026)
Cash and cash equivalents at beginning of year	2	352,517	470,543
Cash and cash equivalents at end of year	2	357,050	352,517

The notes on pages 18 to 34 form part of these financial statements

Notes to the Statements of Cash Flows

for the Year Ended 31 December 2014

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

Group

	2014 £	2013 £
Profit before taxation	1,926,163	1,691,532
Depreciation, amortisation and impairment	244,286	235,271
Profit on disposal of fixed assets	(1,094)	–
Share based payments	31,659	15,829
Finance costs	270	18
Finance income	(86,313)	(32,572)
	2,114,971	1,910,078
(Increase)/decrease in trade and other receivables	(658,818)	102,652
(Decrease)/increase in trade and other payables	(219,258)	171,329
Cash generated from operations	1,236,895	2,184,059

Company

	2014 £	2013 £
Profit before taxation	749,757	673,707
Finance costs	4	–
Finance income	(749,938)	(673,737)
	(177)	(30)
Decrease/(increase) in trade and other receivables	3,047	(119,453)
(Decrease) in trade and other payables	(1)	–
Cash generated from operations	2,869	(119,483)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the statements of cash flow in respect of cash and cash equivalents are in respect of these statement of financial position amounts:

Year ended 31 December 2014

	Group		Company	
	31/12/14 £	1/1/14 £	31/12/14 £	1/1/14 £
Cash and cash equivalents	2,505,487	2,649,072	357,050	352,517

Notes to the Consolidated Financial Statements

for the year Ended 31 December 2014

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of financial instruments as set out below, and in accordance with International Financial Reporting Standards adopted by the European Union ("IFRS"). The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of consolidation

The group financial statements consolidate the financial statements of M Winkworth Plc and all its subsidiary undertakings. All subsidiary companies have coterminous year ends.

Acquisitions of companies that are consolidated are accounted for using the purchase method, by allocating their acquisition cost to the acquired identifiable assets and liabilities at the time of acquisition. Where the acquisition cost exceeds the net fair value of the acquired assets and liabilities, the difference is recognised as goodwill. Goodwill is not amortised but is tested for impairment at least annually and written down only in the event of impairment.

Adoption of new and revised standards

The accounting policies applied are the same as those applied in the financial statements for the year ended 31 December 2013. New standards introduced during the period had no material impact on the results or net assets of the company.

The directors anticipate that the adoption of those standards and interpretations which, at the date of authorisation of these financial statements, were in issue but not yet effective will have little or no impact on the financial statements when they come into effect.

Revenue

Revenue represents the value of commissions and subscriptions due to the group under franchise agreements. Revenue in respect of commissions due on house sales is recognised at the point of the relevant property sale having been completed by the franchisee. Revenue in respect of commissions due on lettings and property management is recognised in the period to which the services relate.

Intangible assets

Intangible assets represent amounts paid to franchisees on the incorporation of their business into the Winkworth brand and website development costs.

Amounts paid to franchisees are amortised over the initial 10 year franchise agreement on a straight line basis. The website development costs are amortised over their useful life which is deemed to be 3 years. They are assessed for impairment by performing a value in use calculation when indicators of impairment exist. Amortisation is included within administrative expenses in the statement of comprehensive income.

1. ACCOUNTING POLICIES – continued

Property, plant and equipment

Property, plant and equipment is recognised at cost. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings – 15% – 33% straight line,
Freehold property – 2% straight line.

Property, plant and equipment is subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all material temporary differences that have originated but not reversed at the balance sheet date.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Leased assets and obligation

Lease arrangements where substantially all the benefits and risks of ownership remain with the lessor are treated as operating leases and charged to the statement of comprehensive income on a straight line basis over the life of the lease.

Investments

Unlisted investments are classified as non-current assets and are stated at cost less provision for any necessary impairments.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Assets held for sale

When a decision has been made to dispose of a significant non-current asset, the asset is recognised as an asset held for sale at the lower of cost and net realisable value and de-recognised as a non-current asset.

Notes to the Consolidated Financial Statements continued

for the year ended 31 March 2014

1. ACCOUNTING POLICIES – continued

Share-based payments

The company operates an Enterprise Management Incentive scheme which allows employees of the group to acquire shares in the parent company. The grant date fair value of share-based payment awards granted is recognised as an employee expense with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the options granted is measured using the Black-Scholes pricing model, taking into account the terms and conditions upon which the options were granted. The fair value is charged as an expense in the statement of comprehensive income over the vesting period and the charge is adjusted each year to reflect the expected and actual level of vesting.

Cash and cash equivalents

Cash and cash equivalents is defined as cash balances in hand and in the bank (including short term cash deposits). The company routinely utilises short term bank overdraft facilities, which are repayable on demand, as an integral part of its cash management policy. As such these are included as a component of net cash and cash equivalents within the statement of cash flows. Bank overdrafts are shown within bank borrowings in current liabilities on the statement of financial position.

Financial assets

The group has only financial assets classified as loans and receivables.

The group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Loans and receivables:

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to franchisees (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision. From time to time, the Group elects to renegotiate the terms of trade receivables due from franchisees. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, where material the new expected cash flows are discounted at the original effective interest rate.

1. ACCOUNTING POLICIES – continued

Financial liabilities

Trade payables and other short-term monetary liabilities are classified as financial liabilities and are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Bank borrowings are recognised at fair value net of any transaction costs directly attributable to the issue of the instrument.

Critical accounting estimates and judgements

The group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of intangibles and goodwill

The group is required to test, where indicators of impairment exist, whether intangible assets have suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary.

(b) Recoverability of trade receivables

The company determines concentrations of credit risk by quarterly monitoring of the creditworthiness rating of franchisees and through a monthly review of the trade receivables' ageing analysis.

(c) Contingent liabilities

The group recognises a provision where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the financial statements. Obligations arising in respect of contingent liabilities that have been disclosed, or those which are not currently recognised or disclosed in the financial statements, could have a material effect on the group's financial position.

Application of these accounting principles to legal cases requires the group's management to make determinations about various factual and legal matters beyond its control. The group reviews outstanding legal cases following developments in the legal proceedings and at each balance sheet date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the group's management as to how it will respond to the litigation, claim or assessment.

Notes to the Consolidated Financial Statements continued

for the year ended 31 March 2014

2. SEGMENTAL REPORTING

The directors believe that the Group has only one segment, that of a franchising business. Currently, these operations principally occur in the UK, with only limited business in other territories. Accordingly no segmental analysis is considered necessary.

3. EMPLOYEES AND DIRECTORS

	2014 £	2013 £
Wages and salaries	1,150,771	902,621
Social security costs	112,991	107,631
Share based payment charge	31,659	15,829
	1,295,421	1,026,081

The average monthly number of employees during the year was as follows:

	2014 £	2013 £
Office and management	27	18

Details of the remuneration of the directors individually and in total are shown below:

	Salary (including bonus) £	Benefits in kind £	Share- based payments £	Year to 31 December 2014 Total £	Year to 31 December 2013 Total £
D C M Agace	140,300	206	10,018	150,524	161,735
C Neoh	30,000	747	6,018	36,765	43,808
A J Snarey (resigned 6 December 2013)	—	—	—	—	42,141
S P Agace	58,170	1,302	—	59,472	81,326
J Nicol (appointed 10 June 2014)	11,667	—	—	11,667	—
L M Alkin	20,000	—	—	20,000	21,500
Total	260,137	2,255	16,036	278,428	350,510

Key management personnel are defined as directors of the group.

See also note 20 for transactions with directors.

4. NET FINANCE INCOME

	2014 £	2013 £
Finance income:		
Interest receivable	86,313	32,572
Finance costs:		
Bank interest	–	1
Interest payable	270	17
	270	18
Net finance income	86,043	32,554

5. PROFIT BEFORE TAXATION

The profit before income tax is stated after charging/(crediting):

	2014 £	2013 £
Amortisation	198,292	166,521
Depreciation – owned assets	45,994	40,431
Profit on disposal of fixed assets	(1,094)	–
Auditor's remuneration	31,000	23,625
Rents payable under operating leases	103,670	103,670

Included within auditor's remuneration above is £11,000 (2013: £11,000) relating to the company.

6. TAXATION
Analysis of tax expense

	2014 £	2013 £
Current tax:		
Taxation	432,028	418,826
Adjustment re previous years	(6,667)	2,481
Total current tax	425,361	421,307
Deferred tax	786	(4,029)
Total tax expense in consolidated statement of comprehensive income	426,147	417,278

Notes to the Consolidated Financial Statements continued

for the year ended 31 March 2014

6. TAXATION – continued

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2014 £	2013 £
Profit on ordinary activities before taxation	1,926,163	1,691,532
Profit on ordinary activities multiplied by the rate of corporation tax in the UK of 21.490% (2013 – 23.250%)	413,932	393,281
Effects of:		
Expenses not deductible for tax purposes	13,241	13,625
Adjustment in respect of prior periods	(6,664)	2,481
Different tax rates	1,191	(340)
Capital allowances in excess of depreciation	4,447	8,231
Tax expense	426,147	417,278

7. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £749,385 (2013 – £673,334).

8. DIVIDENDS

	2014 £	2013 £
Ordinary shares of 0.5p each		
Interim paid 2014 – 5.9p per share (2013 – 5.4p per share)	747,898	671,841

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

	Earnings £	2014 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	1,500,016	12,676,238	11.83
Effect of dilutive securities			
Options	–	39,157	–
Diluted EPS			
Adjusted earnings	1,500,016	12,715,395	11.80
	Earnings £	2013 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	1,274,254	12,676,238	10.05
Effect of dilutive securities			
Options	–	109,883	–
Diluted EPS			
Adjusted earnings	1,274,254	12,786,121	9.97

Notes to the Consolidated Financial Statements continued

for the year ended 31 March 2014

10. INTANGIBLE ASSETS

	Franchises £	Website development £	Total £
COST			
At 1 January 2014	1,812,187	109,759	1,921,946
Additions	199,283	45,449	244,732
At 31 December 2014	2,011,470	155,208	2,166,678
AMORTISATION			
At 1 January 2014	837,271	38,325	875,596
Amortisation for year	156,641	41,651	198,292
At 31 December 2014	993,912	79,976	1,073,888
NET BOOK VALUE			
At 31 December 2014	1,017,558	75,232	1,092,790
At 31 December 2013	974,916	71,434	1,046,350
	Franchises £	Website development £	Total £
COST			
At 1 January 2013	1,698,397	82,180	1,780,577
Additions	113,790	27,579	141,369
At 31 December 2013	1,812,187	109,759	1,921,946
AMORTISATION			
At 1 January 2013	699,598	9,477	709,075
Amortisation for year	137,673	28,848	166,521
At 31 December 2013	837,271	38,325	875,596
NET BOOK VALUE			
At 31 December 2013	974,916	71,434	1,046,350
At 31 December 2012	998,799	72,703	1,071,502

Intangible assets relate to the carrying value of amounts paid to franchisees on incorporation of their business into the Winkworth brand which are being amortised over the period of the franchise agreement to which they relate and website development costs which are being amortised over 3 years.

11. PROPERTY, PLANT AND EQUIPMENT
Group
Year ended 31 December 2014

	Freehold property £	Computer equipment £	Fixtures and fittings £	Totals £
COST				
At 1 January 2014	5,004	–	713,621	718,625
Additions	–	4,870	38,107	42,977
Disposals	(5,004)	–	–	(5,004)
At 31 December 2014	–	4,870	751,728	756,598
DEPRECIATION				
At 1 January 2014	5,004	–	625,393	630,397
Charge for year	–	671	45,323	45,994
Eliminated on disposal	(5,004)	–	–	(5,004)
At 31 December 2014	–	671	670,716	671,387
NET BOOK VALUE				
At 31 December 2014	–	4,199	81,012	85,211

Year ended 31 December 2013

	Freehold property £	Fixtures and fittings £	Totals £
COST			
At 1 January 2013	83,407	703,623	787,030
Charge for year	–	19,654	19,654
Eliminated on disposal	–	(9,656)	(9,656)
Impairments	(78,403)	–	(78,403)
At 31 December 2013	5,004	713,621	718,625
DEPRECIATION			
At 1 January 2013	3,336	594,105	597,441
Charge for year	1,668	38,763	40,431
Eliminated on disposal	–	(7,475)	(7,475)
At 31 December 2013	5,004	625,393	630,397
NET BOOK VALUE			
At 31 December 2013	–	88,228	88,228

Notes to the Consolidated Financial Statements continued

for the year ended 31 March 2014

12. INVESTMENTS

Group

Unlisted investments

	2014 £	2013 £
COST		
At 1 January	7,200	7,200
At 31 December	7,200	7,200
NET BOOK VALUE		
At 31 December	7,200	7,200

Unlisted investments of the group relate to minor shareholdings in other companies which are not actively traded.

Company

	2014 £	2013 £
COST		
At 1 January	15,830	1
Addition	31,659	15,829
NET BOOK VALUE		
At 31 December	47,489	15,830

The addition for the year relates to the share based payment for directors and employees of Winkworth Franchising Limited (see note 21).

Subsidiary undertakings

M Winkworth Plc had the following subsidiary undertakings as at 31 December 2014

	% holding
Winkworth Franchising Limited	
Country of incorporation: England and Wales	
Nature of business: Franchisor to the Winkworth estate agencies	
Class of shares: Ordinary shares	100
Winkworth Client Services Limited (formerly Winkworth France Limited) (shares held indirectly)	
Country of incorporation: England and Wales	
Nature of business: Administration services to estate agencies	
Class of shares: Ordinary shares	100
Winkworth Financial Services Limited (shares held indirectly)	
Country of incorporation: England and Wales	
Nature of business: Dormant	
Class of shares: Ordinary shares	100

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Current:				
Trade receivables	566,733	469,465	–	–
Amounts owed by group undertakings	–	–	2,474,283	2,477,323
Other receivables	244,218	97,938	–	7
Amounts due from associated company	–	23,299	–	–
VAT	2,126	–	–	–
Prepayments and accrued income	66,481	151,669	–	–
	879,558	742,371	2,474,283	2,477,330
Non-current:				
Other debtors	810,704	237,265	–	–
Aggregate amounts	1,690,262	979,636	2,474,283	2,477,330

Trade receivables are stated net of bad debt provisions of £158,173 (2013 – £105,946). The movement in the provision has been recognised in the statement of comprehensive income.

Ageing of trade receivables

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Trade receivables not due	323,025	214,760	–	–
Trade receivables past due 1-30 days	40,382	55,066	–	–
Trade receivables past due 31-60 days	21,003	70,081	–	–
Trade receivables past due 61-90 days	19,036	6,649	–	–
Trade receivables past due over 90 days	163,287	122,909	–	–
	566,733	469,465	–	–

The directors consider that the carrying value of trade and other receivables approximates to their fair value.

Notes to the Consolidated Financial Statements continued

for the year ended 31 March 2014

14. ASSETS CLASSIFIED AS HELD FOR SALE

Group

	2014 £	2013 £
Freehold property held for sale	–	50,084

15. SHARE CAPITAL

Authorised:

	2014 £	2013 £
20,000,000 Ordinary shares of 0.5p	100,000	100,000

Allotted and fully paid:

	£	£
12,676,238 (2013 – 12,676,238)	63,381	63,381

16. TRADE AND OTHER PAYABLES

Group

	2014 £	2013 £
Current:		
Trade payables	143,994	348,530
Other taxes and social security	178,773	170,204
Other payables	53,032	36,515
Accruals and deferred income	114,255	102,253
	490,054	657,502

The directors consider that the carrying value of trade and other payables approximates to their fair value.

17. LEASING AGREEMENTS

Group

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2014 £	2013 £
Land and buildings:		
Between one and five years	149,273	149,273

18. FINANCIAL INSTRUMENTS

Capital management

The group manages its capital to ensure its operations are adequately provided for, while maximising the return to shareholders through the effective management of its resources.

The group's objectives when managing capital are to safeguard its ability to continue as a going concern and so provide returns for shareholders and benefits for other members. The group meets its objectives by aiming to achieve a steady growth while mitigating risk, which will generate regular and increasing returns to the shareholders.

The group also seeks to minimise the cost of capital and optimise its capital structure. The capital structure of the group consists of cash and cash equivalents and equity attributable to equity holders of the parent comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity. The group currently does not carry any debt.

Risk management

The group is exposed through its operations to the following financial risks:

Credit risk
Liquidity risk
Currency risk
Market risk

In common with all other businesses, the group is also exposed to risks that arise from its use of financial instruments. This note describes the group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- trade receivables
- cash at bank
- bank overdraft
- trade and other payables
- loans from related parties

These are considered below.

Notes to the Consolidated Financial Statements continued

for the year ended 31 March 2014

18. FINANCIAL INSTRUMENTS – continued

General objectives, policies and processes

The Board has overall responsibility for the determination of the group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the group's finance function. The Board receives monthly reports from the group financial controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the group if a franchisee or a counterparty to a financial instrument fails to meet its contractual obligations. The group is mainly exposed to credit risk from franchise commissions and loans to franchisees. It is group policy to assess the credit risk of new franchisees before entering contracts.

The directors have established a credit policy under which each new franchisee is analysed individually for creditworthiness before a franchise is offered. The group's review includes external ratings, when available, and in some cases bank references.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

The group does not enter into derivatives to manage credit risk, although in certain isolated cases may take steps to mitigate such risks if it is sufficiently concentrated.

Liquidity risk

Liquidity risk arises from the group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the group will encounter difficulty in meeting its financial obligations as they fall due.

The group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

Market risk

Market risks are the inherent risks which arise from the group's presence within the market in which it operates. The directors consider there to be no key risks to the group that can be quantified and so no sensitivity analysis has been carried out on any potential impacts to the financial statements.

Interest rate and currency of cash balances

Floating rate financial assets of £2,505,487 (2013: £2,649,072) comprise sterling cash deposits. There are no fixed rate financial assets.

Fair values of financial instruments

There are no material differences between book value and fair value of financial instruments as all are subject to floating rates as set by the market.

19. DEFERRED TAX Group

	2014 £	2013 £
Balance at 1 January	6,063	10,092
Transfer from/(to) profit and loss	786	(4,029)
Balance at 31 December	6,849	6,063

Deferred tax relates wholly to accelerated capital allowances.

20. RELATED PARTY DISCLOSURES

The company trades in the normal course of business with some of the franchisees, groups and other companies where one or more of the directors is a related party or the directors exercise significant control.

Details of net commission income received, fees payable and year end balances are as follows:

	Note	Net income		Fees payable		Year end balances	
		2014 £	2013 £	2014 £	2013 £	2014 £	2013 £
Pibeta S.A	a	–	–	–	81,326	–	–
Filross Securities Limited	b	–	–	–	21,968	–	–

The relationships with the above companies are as follows:

- a Company in which Mr S P Agace has an interest
- b Company in which Mr L M Atkin has an interest

During the year the following dividends were paid to directors:

- A J Snarey £Nil (2013: £40,016)
- S P Agace £313,653 (2013: £308,724)
- L M Alkin £15,119 (2013: £13,581)
- D Agace £31,975 (2013: £28,521)
- C Neoh £738 (2013: £663)
- J Nicol £2,213 (2013: £Nil)

During the year the company received a dividend of £747,898 (2013: £671,841) from its subsidiary undertaking Winkworth Franchising Limited.

Notes to the Consolidated Financial Statements continued

for the year ended 31 March 2014

21. SHARE-BASED PAYMENT TRANSACTIONS

Share options are granted to directors and to selected employees. The exercise price of the granted options is equal to the market price of the shares date of the grant. Options are conditional on the employee completing two years' service (the vesting period). The options are exercisable starting two years from the grant date and expire ten years from the grant date. The company has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

Option series	Number	Grant date	Expiry date	Exercise price (p)	Fair value at grant date (p)
Granted on 1 July 2013	300,200	01/07/2013	30/06/2023	110	21

The weighted average fair value of options granted during the previous period determined using the Black-Scholes valuation model was £0.2109 per option. The significant inputs into the model were weighted average share price of £1.10 at the grant date, exercise price shown above, volatility of 33%, dividend yield of 3.46%, an expected option life of two years and an annual risk-free interest rate of 0.38%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last year. See note 3 for the total expense recognised in the income statement for share options granted to directors and employees.

The following reconciles the share options outstanding at the beginning and end of the year:

	2014		2013	
	Number of options	Weighted average exercise price (p)	Number of options	Weighted average exercise price (p)
Balance at beginning of year	300,200	110	—	—
Granted during the year	—	—	300,200	110
Balance at end of year	300,200	110	300,200	110

At 31 December 2014, no options were exercisable. No options were exercised in 2014. The share options outstanding at the year-end had a weighted average contractual life of 8.5 years.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of M Winkworth plc (the “Company”) will be held on 19 May 2015 at 10.30 a.m. at 11 Berkeley Street, London W1J 8DS to transact the following business, of which Resolutions 1 to 9 (inclusive) will be proposed as an ordinary resolution and Resolution 10 will be proposed as a special resolution:

ORDINARY RESOLUTIONS

1. TO receive the accounts, the report of the directors and the auditors’ report on the accounts for the year ended 31 December 2014.
2. TO re-elect Dominic Agace as a director of the Company.
3. TO re-elect Simon Agace as a director of the Company.
4. TO re-elect Christopher Neoh as a director of the Company.
5. TO re-elect Lawrence Alkin as a director of the Company.
6. TO re-elect John Nicol as a director of the Company.
7. TO re-appoint Chantrey Vellacott DFK as auditors to the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
8. TO authorise the directors to determine the auditors’ remuneration.
9. THAT the directors be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “2006 Act”) in substitution for all existing and unexercised authorities:
 - 9.1 to exercise all the powers of the Company to allot shares and to make offers or agreements to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (together “Relevant Securities”) up to an aggregate nominal amount of twenty one thousand, one hundred and twenty seven pounds (£21,127); and
 - 9.2 to exercise all the powers of the Company to allot equity securities (within the meaning of section 560(1) of the 2006 Act) up to an additional aggregate nominal amount of twenty one thousand, one hundred and twenty seven pounds (£21,127) provided that this authority may only be used in connection with a rights issue in favour of holders of ordinary shares and other persons entitled to participate therein where the equity securities respectively attributable to the interests of all those persons at such record dates as the directors may determine are proportionate (as nearly as may be) to the respective numbers of equity securities held or deemed to be held by them or are otherwise allotted in accordance with the rights attaching to such equity securities subject to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements or legal difficulties under the laws of any territory or the requirements of a regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatsoever,

provided that the authorities in paragraphs 9.1 and 9.2 shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or if earlier on the date which is 15 months after the date of the annual general meeting, except that the Company may before such expiry make an offer or agreement which would or might require Relevant Securities or equity securities as the

Notice of Annual General Meeting continued

case may be to be allotted after such expiry and the directors may allot Relevant Securities or equity securities in pursuance of any such offer or agreement as if the authority in question had not expired.

SPECIAL RESOLUTION

10. THAT, subject to the passing of resolution 9, the directors be and are empowered generally, in accordance with section 570 of the 2006 Act, in substitution for all existing and unexercised powers, to allot equity securities (as defined in section 560(1) of the 2006 Act) for cash either pursuant to the authority conferred by resolution number 9 or by way of a sale of treasury shares as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to:

10.1 the allotment of equity securities in connection with a rights issue or other pro rata offer (but, in the case of the authority conferred by **paragraph 9.2** above, by way of a rights issue only) in favour of holders of ordinary shares and other persons entitled to participate therein where the equity securities respectively attributable to the interests of all those persons at such record dates as the directors may determine are proportionate (as nearly as may be) to the respective numbers of equity securities held (or deemed to be held) by them or are otherwise allotted in accordance with the rights attaching to such equity securities subject in each case to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements or legal difficulties under the laws of any territory or the requirements of a regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatsoever; and

10.2 the allotment (otherwise than pursuant to **paragraph 10.1** above) of equity securities up to an aggregate nominal amount of twelve thousand, six hundred and seventy six pounds (£12,676),

and shall expire upon the expiry of the general authority conferred by resolution 9 above, except that the Company may make an offer or agreement before this power expires which would or might require equity securities to be allotted and/or shares held by the Company in treasury to be sold or transferred after such expiry and the directors may allot equity securities and/or sell or transfer shares held by the Company in treasury in pursuance of such offer or agreement as if the power conferred by this resolution had not expired.

Dated: 13 April 2015

REGISTERED OFFICE:

11 Berkeley Street
Mayfair, London W1J 8DS

BY ORDER OF THE BOARD
Margaret Ogunbunmi Doregos
Secretary

NOTES:

1. A member entitled to attend and vote at the annual general meeting is entitled to appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the annual general meeting. A member can appoint more than one proxy in relation to the annual general meeting, provided that each proxy is appointed to exercise the rights attaching to a different share or shares held by him.
2. Your proxy could be the Chairman, another director of the Company or another person who has agreed to attend to represent you. Your proxy will vote as you instruct and must attend the meeting for your vote to be counted. Details of how to appoint the Chairman or another person as your proxy using the proxy form are set out in the notes to the proxy form. Appointing a proxy does not preclude you from attending the meeting and voting in person. If you attend the meeting in person, your proxy appointment will automatically be terminated.
3. An appointment of proxy is provided with this notice and instructions for use are shown on the form. In order to be valid, completed proxies must be received (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority) by Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 10.30 a.m. on 15 May 2015.
4. To change your proxy instructions you may return a new proxy appointment using the methods set out in the form. Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others.
5. (a) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- (b) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear UK & Ireland’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer’s agent, Capita Asset Services, (ID RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
- (c) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- (d) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the

Notice of Annual General Meeting continued

input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

6. Only those shareholders registered in the Register of Members of the Company as at 6:00 p.m. on 17 May 2015 (or, if the meeting is adjourned, on the date which is two days before the time of the adjourned meeting) shall be entitled to attend and vote at the meeting or adjourned meeting in respect of the number of shares registered in their respective names at that time. Changes to the Register of Members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting or adjourned meeting.
7. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
8. You may not use any electronic address provided either in this notice of annual general meeting or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.
9. As at 17 April 2015 (being the last business day before the publication of this Notice), the Company's issued share capital consisted of 12,676,238 ordinary shares carrying one vote each. The Company does not hold any shares in treasury. Therefore the total voting rights in the Company as at April 2015 are 12,676,238.
10. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if:
 - (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 - (b) the answer has already been given on a website in the form of an answer to a question; or
 - (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
11. The following documents are available for inspection at the registered office of the Company during normal business hours on each weekday (public holidays excluded) and at the place of the annual general meeting for 15 minutes prior to and during the meeting:
 - (a) copies of the executive directors' service contracts with the Company; and
 - (b) copies of the letters of appointment of the non-executive directors.

M Winkworth PLC

**11 Berkeley Street
Mayfair, London
W1J 8DS**

winkworthplc.com

Winkworth