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# WYNNSTAY PROPERTIES PLC

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## CHAIRMAN'S STATEMENT REPORT OF THE DIRECTORS and FINANCIAL STATEMENTS YEAR ENDED 25TH MARCH 2011

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SATURDAY



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18/06/2011  
COMPANIES HOUSE

**WYNNSTAY PROPERTIES PLC**  
(Company incorporated in the United Kingdom)

**DIRECTORS**

**P G.H COLLINS, LL B , B C L**  
*(Non-Executive Chairman)*

**C P WILLIAMS, B Sc., M B.A , M R.I C S**  
*(Managing Director)*

**C H DELEVINGNE**  
*(Non-Executive Director)*

**T J NAGLE, B Th , F.R I C S**  
*(Non-Executive Director)*

**T J C. PARKER A C.A**  
*(Finance Director & Secretary)*

**REGISTERED OFFICE**

150 Aldersgate Street, London EC1A 4AB

**AUDITORS**

**MOORE STEPHENS LLP**  
150 Aldersgate Street, London EC1A 4AB

**SOLICITORS**

**FIELD FISHER WATERHOUSE LLP**  
35 Vine Street, London EC3N 2AA

**NOMINATED ADVISER & BROKER**  
**CHARLES STANLEY SECURITIES**  
25 Luke Street, London EC2A 4AR

**VALUERS**

**SANDERSON WEATHERALL**  
Eisley Court, 20/22 Great Titchfield Street, London W1W 8BE

**REGISTRARS**

**CAPITA REGISTRARS**  
The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU  
Tel. 0870 162 3100

**BANKERS**

**C HOARE & CO.**  
37 Fleet Street, London EC4P 4DQ

**SVENSKA HANDELSBANKEN AB (Publ)**  
13 Charles II Street, London SW1Y 4QU

**WYNNSTAY PROPERTIES PLC**  
**SUMMARY OF PROPERTY PORTFOLIO**  
**AT 25TH MARCH 2011**

Aldershot	Eastern Road	Industrial Unit
Alton	Newman Lane	Industrial Unit
Aylesford	Quarry Wood Industrial Estate	18 Industrial Units
Basingstoke	Crockford Lane	3 Industrial Units
Chessington	Oakcroft Business Park	3 Industrial Units/Offices
Colchester	North Hill	Offices
Colchester	Short Wyre Street	4 Retail Units
Cosham	High Street	Offices
Crawley	Whitworth Road	Industrial Unit
Gosport	High Street	Retail Unit
Heathfield	Station Road	5 Industrial Units
Hertford	Herungfordbury Road	2 Industrial Units
Midhurst	North Street	Retail Unit
Norwich	City Trading Estate	6 Industrial Units
St Neots	Huntingdon Road	6 Industrial Units
Shirley	High Street	Retail Unit
Twickenham	Third Cross Road	4 Industrial Units
Uckfield	Bell Lane	4 Industrial Units

All the above properties are Freehold

# WYNNSTAY PROPERTIES PLC

## CHAIRMAN'S STATEMENT

I am pleased to report on the results and the performance of your company for the year ended 25 March 2011, the 125th year of its existence. Despite the uncertainties in the economy and the financial and commercial property markets which have been challenging for many businesses, including some of Wynnstay's tenants, this has been a satisfactory year and I am pleased to say, your company remains in good health.

### Overview of financial performance

The financial performance may be summarised as follows:

	Change	2011	2010
• Profit before movement in fair value of investment properties and taxation	-10.6%	£886,000	£990,000
• Earnings per share	-60.5%	16.6p	43.1p
• Dividends per share, paid and proposed	-	10.5p	10.5p
• Net asset value per share	+1.5%	462p	456p

### Property Management and Portfolio

As anticipated in my interim statement, property income was lower at £1.69 million (2009 - £1.93 million) principally as the result of the disposal of our retail premises at Dorking for £925,000 (excluding sale costs) in August 2010 on which I reported in that statement and the existence of a number of vacant premises, notably our Crawley warehouse which has been non-income producing since the lease expired in July 2010.

We conducted negotiations with several prospective tenants for this property, but ultimately none proceeded to completion. However, close to the year end we received a satisfactory offer for the freehold of this building and took the decision to sell it in view of the difficulty of securing a good tenant in the short to medium term on a basis which would provide value for shareholders. I am pleased to report that this sale was completed on 10th June and the sale price of £1.1 million was significantly in excess of book value, which together with the release of a provision for repairs to the building, results in a profit of circa £265,000 which will be reflected in next year's accounts.

One of the larger units at our industrial estate in Aylesford became vacant during the year and this also contributed to the reduction in income, although I am delighted that since the year end it has been relet on satisfactory terms.

As shareholders are aware we obtained planning consent in 2008 for the redevelopment of our property at Twickenham and after considering various options we obtained vacant possession of the four units which had been let on a short term basis in order to prepare for the development or disposal of the site. We are currently discussing with our architects certain changes to the scheme to improve its marketability.

Following the grant of planning consent for the change of use of the upper floors of our office building in Colchester, which I reported on last year, and with little prospect of future rental and capital growth, we marketed the freehold of the property for sale and have accepted an offer. I hope to be in a position to update you further about this at the Annual General Meeting.

In a busy year on the management side we have been successful in re-letting or renewing leases on other units at our Aylesford Industrial Estate in addition to the one already mentioned above and in renewing the two leases on generally satisfactory terms at Hertford as well as securing a new tenant at one of the three units at the Oakcroft Business Centre at Chessington and for one of the retail units at Colchester.

We continue to manage actively our relationships with our tenants and to work closely with them to understand their current and future needs and thus to reduce the incidence of vacant premises and tenant defaults arising in the portfolio, with their attendant costs and loss of income.

## WYNNSTAY PROPERTIES PLC

### CHAIRMAN'S STATEMENT (continued)

#### Portfolio Valuation

As at 25 March 2011 our Independent Valuers Sanderson Weatherall have undertaken the annual valuation of the Company's portfolio at £20 120,000, representing a modest fall, on a like-for-like basis of £225 000 or 1%, over the valuation at the end of the prior year. This fall, coupled with the sale of the Dorking property results in a total reduction in the value of the investment portfolio of 5.5%. This is a satisfactory outcome given the conditions and challenges in the economy and the markets.

Following the revaluation as at the year-end, the industrial sector within the portfolio accounted for 70% by value with the retail and office elements each comprising 15%.

#### Borrowings and Gearing

Net borrowings at the year-end were £7.45 million (2010 - £8.5 million) and net gearing at the year-end was 52% compared to 62% last year as a result of the sale of the Dorking property in August 2010.

The Company has benefited from the historically very low levels of interest payable on that part of our borrowing facility where the rate of interest is variable. The fixed rate of interest on the other part of our borrowing expired in March 2011, so all our borrowings are now on variable terms. At the time of writing there seems to be little indication of an increase in interest rates until later in the calendar year, but the Board continues to keep the position under close review.

#### Costs

Our property costs during the year were significantly impacted by the level of empty business rates on the vacant premises to which I have referred above, although our total property costs were only slightly above last year. Administrative costs were somewhat lower compared to the previous year, as we continue to exercise tight control over overheads and the changes that we made in 2007-8 continue to deliver significant savings.

#### Purchase by the Company of its own shares

In January 2010, the Company held an Extraordinary General Meeting at which resolutions authorising the Company to make market purchases of its own shares were duly passed. This authority expires at the conclusion of this year's Annual General Meeting. Accordingly, a General Meeting is being convened following the Annual General Meeting in order to consider resolutions granting a new authority for the Company to purchase its own shares. A separate circular is being posted to shareholders together with this Annual Report and Financial Statements.

#### Dividend

The Directors are recommending a total dividend for the year at the same level as last year, namely 10.5p per share. An interim dividend of 2.9p per share was paid in December 2010 and, subject to approval of shareholders at the Annual General Meeting a final dividend of 7.6p per share will be paid on 22nd July 2011 to shareholders on the register on 24th June 2011.

#### Outlook

Prospects for the United Kingdom economy continue to be uncertain in the light of many challenges including rising taxation, lack of consumer confidence, increasing inflation and reduced public spending. As we have seen over the past year in your Company, these conditions can affect the ability to retain tenants and to relet vacant premises promptly and on acceptable terms.

Nevertheless, your Company remains in a sound and healthy position and we will continue to seek out opportunities that will add to the quality of our earnings and the value of our assets so as to maximise value for shareholders.

## WYNNSTAY PROPERTIES PLC

### CHAIRMAN'S STATEMENT (continued)

#### Tributes

##### John Langrishe

John Langrishe was a descendant of one of the founding families of Wynnstay and had a long and active involvement with the Company over his long life. He was a solicitor and a partner in the firm, Peake & Co, which had formed the Company in 1886. As well as being a shareholder, he acted as legal adviser, Board member, Managing Director and Chairman. He oversaw the disposal of the flats at Wynnstay Gardens, Kensington in the 1960's and the significant strategic move of the Company into commercial property. With detailed knowledge of Wynnstay's history, he knew a significant number of its shareholders and their family connections with the Company, and kept in contact with many of them after retirement. After standing down from the Board, which he had joined in 1959, he continued as Company Secretary until 1986 and he retained an active interest in the Company's development right up to the time of his death in December 2010.

##### Ian Lockhart

Ian Lockhart, who joined the Board as a non-executive Director in 1972, was also a solicitor and a partner in Peake & Co and thus also knew a considerable number of the shareholders and their families. He provided informed and wise counsel to the Board during a period of significant change and considerable challenges. He retired prematurely due to sudden ill-health and died in April 2011.

##### Hugh Bird

Hugh Bird, like John Langrishe, was also a descendant of one of the founding families of Wynnstay. He was a significant individual shareholder and a regular attendee at our Annual General Meetings, in latter years despite his advancing age and ill-health. He always took a keen interest in the Company's affairs and was keen to preserve its individual character and its future as a family enterprise.

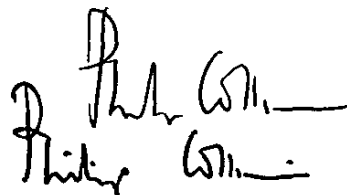
I am sure that many shareholders would join with me in conveying our condolences to their wives and families.

#### Colleagues and Advisers

As always, it would not be possible for Wynnstay to operate as it does, in a tight, lean and purposeful way without the hard work of Paul Williams, our Managing Director, and Toby Parker, our Finance Director and I would like to thank them as well as my fellow directors and our professional advisers for their support and advice throughout the past challenging year.

#### Annual General Meeting

Our Annual General Meeting will be held at the Royal Automobile Club on Thursday 14th July 2011 at 12 noon. As always, I would encourage as many shareholders as possible to attend so that they can meet the Board and other shareholders and learn more about your Company's activities.



Philip G H Collins  
Chairman

14th June 2011

## WYNNSTAY PROPERTIES PLC

### REPORT OF THE DIRECTORS 2011

The Directors present their One Hundred and Twenty-fifth Annual Report, together with the audited Financial Statements of the Company for the year ended 25th March 2011

#### Principal Activity

The principal activity of the Company during the year continued to be that of Property Owners, Developers and Managers

#### Profit for the Year

The net profit for the year after taxation amounted to £449,000 (2010 – £1,168,000) Details of movements in reserves are set out in the statement of changes in equity on page 16

#### Business Review, Performance Indicators and Risks

A review of the business for the year and of the future prospects of the Company is included in the Chairman's Statement on pages 4 to 6 The financial statements and notes are set out on pages 13 to 32

The key performance indicators for the Company are those relating to the underlying growth in both rental income and in the value of its property investments as set out below

- The reduction in rental income is (12.5%) (2010 growth of 3.2%)
- The reduction in value of the investment portfolio is 5.5% (2010 growth of 2.6%)

The principal risks and uncertainties are those associated with the real estate market which is cyclical by its nature and include changes in the supply and demand for space as well as the inherent risk of tenant failure. In the latter case the Company seeks to reduce this risk by requiring the payment of rent deposits when considered appropriate. Other risk factors include changes in legislation in respect of taxation and the obtaining of planning consents etc. as well as those associated with financing and treasury management, where the Company's policy is to ensure that a substantial proportion of its borrowings is arranged at fixed rates of interest

#### Events since the end of the year

In late May the Company exchanged sale contracts on its freehold premises at Crawley for a price of £1,100,000 with completion set in mid June 2011. This represents a premium to the book value and should give rise to a profit to the company of £265,000

#### Dividends

The Directors have decided to recommend a final dividend of 7.6 pence per share for the year ended 25th March 2011 payable on 22nd July 2011 to those shareholders on the register on 24th June 2011. This dividend, together with the interim dividend of 2.9 pence paid on 10th December 2010, represents a total for the year of 10.5 pence (2010 – 10.5 pence)

#### Investment properties

The investment properties have been valued by Sanderson Weatherall on the basis of Market Value at 25th March 2011. The movement in investment properties is set out in Note 9 on page 22

#### Purchase by the Company of its own shares

In March 2010, the Company acquired 443,650 of its own ordinary shares from Channel Hotels and Properties Limited at a price of £3.50 per share as the directors deemed it was in the best interests of the Company to do so

## WYNNSTAY PROPERTIES PLC

### REPORT OF THE DIRECTORS 2011 (continued)

#### Directors

The Directors holding office during the financial year under review and their beneficial and non-beneficial interests in the ordinary share capital of the Company at 25th March 2011 and 25th March 2010 are shown below

		Ordinary Shares of 25p	
		25.3.11	25.3.10
P G H Collins	Non-Executive Chairman	850,836	850,836
C P Williams	Managing Director	-	-
C H Delevingne	Non-Executive Director	5,000	5,000
T J Nagle	Non-Executive Director	13,000	13,000
T.J.C Parker	Finance Director and Secretary	-	-

The interests shown above in respect of Mr. P G H Collins include non-beneficial interests of 229,596 shares at 25th March 2011 and 2010

Mr C P Williams and Mr T.J.C. Parker each have a service agreement with the Company Under the respective terms thereof, their employment is subject to six months' notice of termination by either party

In accordance with the Company's Articles of Association, Mr T.J.C Parker retires by rotation and, being eligible, offers himself for re-election

Brief biographies of each of the Directors appear on page 35

#### Directors' Emoluments

Directors' emoluments for the year ended 25th March 2011 are set out below:-

	<u>Salaries</u>	<u>Fees</u>	<u>Pension</u>	<u>Benefits</u>	<u>Total 2011</u>	<u>Total 2010</u>
P G H Collins	-	29,525	-	-	29,525	28,119
C P Williams	92,000	10,562	9,200	2,016	113,778	113,327
C H Delevingne	-	10,562	-	-	10,562	10,059
T J Nagle	-	10,562	-	-	10,562	10,059
T J C Parker	-	10,562	-	-	10,562	10,059
<b>Total 2011</b>	<u><u>£92,000</u></u>	<u><u>£71,773</u></u>	<u><u>£9,200</u></u>	<u><u>£2,016</u></u>	<u><u>£174,989</u></u>	
<b>Total 2010</b>	<u><u>£92,000</u></u>	<u><u>£68,355</u></u>	<u><u>£9,200</u></u>	<u><u>£2,068</u></u>		<u><u>£171,623</u></u>

I F.M Consultants Limited, a company owned and controlled by Mr T.J C Parker, was paid a fee of £33,825 for services rendered during the year (see note 22)



## WYNNSTAY PROPERTIES PLC

### REPORT OF THE DIRECTORS 2011 (continued)

#### Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report 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 IFRS as adopted by the European Union and applicable law. The financial statements must, in accordance with IFRS as adopted by the European Union, present fairly the financial position and performance of the company, such references in the UK Companies Act 2006 to such financial statements giving a true and fair view are references to their achieving a fair presentation. Under company law directors must not approve the financial statements unless they are satisfied that they give a true and fair view. 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 whether the financial statements have been prepared in accordance with IFRS as adopted by the European Union
- 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 transactions and disclose with reasonable accuracy at any time the financial position of the company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

#### Directors' and Officers' Liability Insurance

The Company has maintained Directors' and Officers' insurance as permitted by the Companies Act 2006.

#### Substantial Interests

As at 14 June 2011, the Directors have been notified or are aware of the following interests which are in excess of three per cent of the issued ordinary share capital of the Company:

	No. of Ordinary Shares of 25p	Percentage of Issued Share Capital 2011	Percentage of Issued Share Capital 2010
Mr P G H Collins	850,836	31.38%	26.97%
Mr D Gibson	183,118	6.8%	5.8%

## WYNNSTAY PROPERTIES PLC

### REPORT OF THE DIRECTORS 2011 (continued)

#### Payment to Suppliers

It is the Company's policy to pay suppliers according to agreed terms and conditions, provided that these are met. The Company does not have a standard or code which deals specifically with the payment of suppliers.

#### Corporate Governance

The Company has considered the principles and provisions of the Combined Code on Corporate Governance issued by the Financial Reporting Council in June 2008 and applied them to the extent considered appropriate by the Board given the size of the Company.

- The Company is headed by an effective Board of Directors.
- There is a clear division of responsibilities in running the Board and running the Company's business.
- The Board currently comprises two executive and three non-executive Directors. The Chairman is a non-executive member of the Board. In view of the size of the Company there is no formal procedure for the appointment of new Directors.
- The Board receives and reviews on a regular basis financial and operating information appropriate to the Directors being able to discharge their duties. An annual budget is approved by the Board and a revised forecast is prepared at the half year stage. Cash flow and other financial performance indicators are monitored monthly against budget.
- Directors submit themselves for re-election every three years by rotation in accordance with the Articles of Association.
- The Board welcomes communication from the Company's shareholders and positively encourages their attendance at the Annual General Meeting.
- In view of the current size of the Company and its Board the establishment of an audit committee or an internal audit department would be inappropriate. However, the auditors have direct access to the non-executive Chairman.

#### Remuneration Committee

The Board currently acts as the remuneration committee, the details of the Directors' emoluments being set out above. It is the Company's policy that the remuneration of Directors should be commensurate with services provided by them to the Company.

#### Going Concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

#### Financial Risk Management Objectives

The company's financial risk management objectives can be found in note 19 of the financial statements.

#### Internal Control

The Directors are responsible for the Company's system of internal financial control, which is designed to provide reasonable, but not absolute, assurance against material misstatement or loss. In fulfilling these responsibilities, the Board has reviewed the effectiveness of the system of internal financial control. The Directors have established procedures for planning and budgeting and for monitoring, on a regular basis, the performance of the Company.

**WYNNSTAY PROPERTIES PLC**

**REPORT OF THE DIRECTORS 2011 (continued)**

**Statement as to disclosure of information to auditors**

Each of the persons who are Directors at the time when this report is approved has confirmed that:

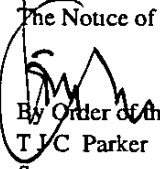
- so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- each Director has taken all the steps that ought to have been taken as a Director, including making appropriate enquiries of fellow Directors and the Company's auditors for that purpose, in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information

**Donations**

The Company made no charitable or political donations during the year

**Annual General Meeting**

The Notice of the Annual General Meeting, to be held on Thursday 14th July 2011, is set out on page 34



By Order of the Board,  
T J C Parker  
*Secretary*

14th June 2011

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF WYNNSTAY PROPERTIES PLC

We have audited the financial statements of Wynnstay Properties plc for the year ended 25 March 2011 which are set out on pages 13 to 32. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

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 an auditors' report 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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 8, 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 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 Boards (APB'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 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.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 25 March 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRS as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' 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**

Under the Companies Act 2006 we are required to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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.

We have nothing to report in respect of the above.



*Julian Wilkinson, Senior Statutory Auditor*

For and on behalf of Moore Stephens LLP, Statutory Auditor

150 Aldersgate Street  
London EC1A 4AB

14th June 2011

**WYNNSTAY PROPERTIES PLC**

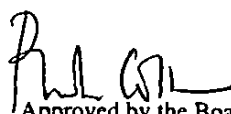
**STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 25TH MARCH 2011**

	<b>Notes</b>	<b>2011</b>	<b>2010</b>
		<b>£'000</b>	<b>£'000</b>
<b>Property Income</b>	1	<b>1,691</b>	1,934
Property Costs	2	(136)	(121)
Administrative Costs	3	<u>(389)</u>	<u>(448)</u>
		<b>1,166</b>	1,365
Movement in Fair Value of Investment Properties	9	(225)	545
Loss on Sale of Investment Property		<u>(39)</u>	-
<b>Operating Income</b>		<b>902</b>	1,910
Investment Income	5	<b>6</b>	7
Finance Costs	5	<u>(247)</u>	<u>(382)</u>
<b>Income before Taxation</b>		<b>661</b>	1,535
Taxation	6	<u>(212)</u>	<u>(367)</u>
<b>Income after Taxation</b>		<u><b>449</b></u>	<u>1,168</u>
<b>Basic and diluted earnings per share</b>		<b>16.6p</b>	43 1p

The company has no other items of comprehensive income

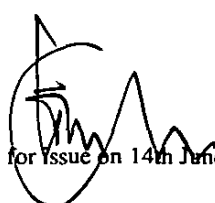
**WYNNSTAY PROPERTIES PLC**  
**STATEMENT OF FINANCIAL POSITION 25TH MARCH 2011**

	Notes	2011 £'000	2010 £'000
<b>Non Current Assets</b>			
Investment Properties	9	18,825	21,290
Other Property, Plant and Equipment	10	6	8
Investments	12	<u>3</u>	<u>3</u>
		<b>18,834</b>	<b>21,301</b>
<b>Current Assets</b>			
Accounts Receivable	14	26	103
Cash and Cash Equivalents		<u>881</u>	<u>753</u>
		<b>907</b>	<b>856</b>
Non Current Assets held for Sale	13	1,295	-
<b>Current Liabilities</b>			
Bank Loans Payable		-	(200)
Accounts Payable	15	(757)	(877)
Derivative Financial Instruments	19	-	(65)
Income Taxes Payable		<u>(240)</u>	<u>(269)</u>
		<b>(997)</b>	<b>(1,411)</b>
<b>Net Current Assets</b>		<b>1,205</b>	<b>(555)</b>
<b>Total Assets Less Current Liabilities</b>		<b>20,039</b>	<b>20,746</b>
<b>Non-Current Liabilities</b>			
Bank Loans Payable	16	(7,455)	(8,300)
Deferred Taxation	17	(56)	(81)
<b>Net Assets</b>		<u><b>12,528</b></u>	<u><b>12,365</b></u>
<b>Capital and Reserves</b>			
Share Capital	18	789	789
Treasury shares		(1,570)	(1,570)
Share Premium Account		1,135	1,135
Capital Redemption Reserve		205	205
Retained Earnings		<u>11,969</u>	<u>11,806</u>
		<b>12,528</b>	<b>12,365</b>



Approved by the Board and authorised for issue on 14th June 2011

P G H Collins  
Chairman



T J C Parker  
Finance Director

**WYNNSTAY PROPERTIES PLC**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 25TH MARCH 2011**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cashflow from operating activities</b>		
Income before taxation	661	1,535
Adjusted for:		
Depreciation	2	2
Decrease/(Increase) in fair value of investment properties	225	(545)
Interest income	(6)	(7)
Interest expense	312	317
(Profit)/Loss on financial liabilities at fair value	(65)	65
Loss on disposal of investment properties	39	-
Changes in:		
Trade and other receivables	77	(2)
Trade and other payables	(120)	93
Income taxes paid	(266)	(226)
Interest paid	(312)	(315)
<b>Net cash from operating activities</b>	<u><b>547</b></u>	<u><b>917</b></u>
<b>Cashflow from investing activities</b>		
Interest and other income received	6	7
Sale of investment properties	906	-
<b>Net cash from investing activities</b>	<u><b>912</b></u>	<u><b>7</b></u>
<b>Cashflow from financing activities</b>		
Dividends paid	(286)	(320)
Proceeds from bank loans	-	800
Repayments of bank loans	(1,045)	(200)
Purchase of treasury shares	-	(1,570)
<b>Net cash from financing activities</b>	<u><b>(1,331)</b></u>	<u><b>(1,290)</b></u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>128</b>	<b>(366)</b>
Cash and cash equivalents at beginning of period	753	1,119
<b>Cash and cash equivalents at end of period</b>	<u><b>881</b></u>	<u><b>753</b></u>

**WYNNSTAY PROPERTIES PLC**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 25th MARCH 2011**

**YEAR ENDED 25 MARCH 2011**

	<b>Share Capital £ 000</b>	<b>Capital Redemption Reserve £ 000</b>	<b>Share Premium Account £ 000</b>	<b>Treasury Shares £ 000</b>	<b>Retained Earnings £ 000</b>	<b>Total £ 000</b>
Balance at 26 March 2010	789	205	1,135	(1,570)	11,806	12,365
Total comprehensive income for the year	-	-	-	-	449	449
Dividends – note 7	-	-	-	-	(286)	(286)
<b>Balance at 25 March 2011</b>	<b>789</b>	<b>205</b>	<b>1,135</b>	<b>(1,570)</b>	<b>11,969</b>	<b>12,528</b>

**YEAR ENDED 25 MARCH 2010**

	<b>Share Capital £ 000</b>	<b>Capital Redemption Reserve £ 000</b>	<b>Share Premium Account £ 000</b>	<b>Treasury Shares £ 000</b>	<b>Retained Earnings £ 000</b>	<b>Total £ 000</b>
Balance at 26 March 2009	789	205	1,135	-	10,958	13,087
Total comprehensive income for the year	-	-	-	-	1,168	1,168
Dividends	-	-	-	-	(320)	(320)
Purchase of treasury shares	-	-	-	(1,570)	-	(1,570)
<b>Balance at 25 March 2010</b>	<b>789</b>	<b>205</b>	<b>1,135</b>	<b>(1,570)</b>	<b>11,806</b>	<b>12,365</b>



## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2011

#### 1. ACCOUNTING POLICIES

Wynnstay Properties PLC is a public limited company incorporated and domiciled in England and Wales. The principal activity of the company is property investment, development and management. The Company's ordinary shares are traded on the Alternative Investment Market.

##### **Basis of Preparation**

The Accounts have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. The financial statements have been presented in pounds sterling being the functional currency of the company. The financial statements have been prepared under the historical cost basis modified for the revaluation of investment properties, financial assets and financial liabilities measured at fair value through profit or loss, and investments.

The financial statements comprise the results of the Company drawn up to 25th March each year.

##### **(a) New interpretations and revised standards effective for the year ended 25 March 2011**

The directors have adopted all new and revised standards and interpretations issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to the operations and effective for accounting periods beginning on or after 26 March 2010.

##### **(b) Standards and Interpretations in issue but not yet effective**

The International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") have issued revisions to a number of existing standards and new interpretations with an effective date of implementation after the date of these financial statements.

It is not anticipated that the adoption of these revised standards and interpretations will have a material impact on the figures included in the financial statements in the period of initial application.

##### **Key Sources of Estimation Uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are those relating to the fair value of investment properties.

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2011

#### 1. ACCOUNTING POLICIES (Continued)

##### **Investment Properties**

All the company's investment properties are revalued annually and stated at fair value at 25th March. The aggregate of any resulting surpluses or deficits are taken to profit or loss.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less cost to sell.

##### **Depreciation**

In accordance with IAS 40, freehold and leasehold investment properties are included in the balance sheet at fair value, and are not depreciated. Leasehold improvements are amortised over the period of the underlying lease.

Other plant and equipment is recognised at cost and depreciated on a straight line basis calculated at annual rates estimated to write off each asset over its useful life of 5 years.

##### **Disposal of Investments**

The gains and losses on the disposal of investment properties and other investments are included in the statement of comprehensive income in the year of disposal.

##### **Property Income**

Property Income represents the value of accrued charges under operating leases for rental of the Group's properties. Revenue is measured at the fair value of the consideration received. All income is derived in the United Kingdom.

##### **Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax. Current tax is the expected tax payable on the taxable income for the year based on the tax rate enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of prior years. Taxable profit differs from income before tax because it excludes items of income or expense that are deductible in other years, and it further excludes items that are never taxable or deductible.

Deferred taxation is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are recognised for all taxable temporary differences (including unrealised gains on revaluation of investment properties) and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, including deferred tax on the revaluation of investment property.

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2011

#### 1. ACCOUNTING POLICIES (Continued)

##### **Investments**

The quoted investment is recognised as held at fair value, and is measured at subsequent reporting dates at fair value, which is either at the bid price, or the latest traded price, depending on the convention of the exchange on which the investment is quoted. Changes in fair value are recognised in profit or loss.

##### **Trade and other accounts receivable**

Trade and other receivables are initially measured at fair value as reduced by appropriate allowances for estimated irrecoverable amounts. All receivables do not carry any interest and are short term in nature.

##### **Cash and cash equivalents**

Cash comprises cash at bank and on demand deposits. Cash equivalents are short term (less than three months from inception), repayable on demand and which are subject to an insignificant risk of change in value.

##### **Trade and other accounts payable**

Trade and other payables are initially measured at fair value. All trade and other accounts payable are not interest bearing.

##### **Comparative information**

The information for the year ended 25 March 2010 has been extracted from the latest published audited financial statements.

##### **Pensions**

Pension contributions towards employees' pension plans are charged to the statement of comprehensive income as incurred. The pension scheme is defined as a pension contribution scheme.

##### **Financial Instruments**

Derivative financial instruments are initially measured at fair value at the contract date entered into, and subsequently measured to their fair value at each reporting date. Embedded derivatives are recognised separately on the statement of financial position, when not closely related to the host contract. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss.

**WYNNSTAY PROPERTIES PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2011**

<b>2. PROPERTY COSTS</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Rents payable	5	4
Empty rates	46	–
Property management and repairs	<u>29</u>	<u>7</u>
	<b>80</b>	<b>11</b>
Legal fees	37	30
Agents fees	12	74
Credit losses	<u>7</u>	<u>6</u>
	<u><b>136</b></u>	<u><b>121</b></u>

<b>3. ADMINISTRATIVE COSTS</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Rents payable – operating lease rentals	20	15
General administration, including staff costs	330	395
Auditors' remuneration	32	32
Audit fees	5	4
Tax services	5	4
Depreciation and amortisation	<u>2</u>	<u>2</u>
	<u><b>389</b></u>	<u><b>448</b></u>

Included within General administration costs above are pension payments made to a former director of £5,724 (2010 £5,724)

<b>4. STAFF COSTS</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs, including Directors, during the year were as follows		
Wages and salaries	166	163
Social security costs	18	16
Other pension costs	<u>15</u>	<u>15</u>
	<u><b>199</b></u>	<u><b>194</b></u>

Details of Directors' emoluments, totalling £174,989 (2010 £171,623), are shown in the Report of the Directors on page 8

	<b>No.</b>	<b>No.</b>
The average number of employees, including Directors, engaged wholly in management and administration was	<u>5</u>	<u>5</u>
The number of Directors for whom the Company paid pension benefits during the year was	<u>1</u>	<u>1</u>

**WYNNSTAY PROPERTIES PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2011**

<b>5. FINANCE COSTS (NET)</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable on bank loans	312	317
(Profit)/Loss on financial liabilities at fair value through profit or loss (note 19)	(65)	65
	<u>247</u>	<u>382</u>
Less Bank interest receivable	<u>(6)</u>	<u>(7)</u>
	<u>241</u>	<u>375</u>
<b>6. TAXATION</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
(a) Analysis of the tax charge for the year		
UK Corporation tax at 28% (2010 28%)	237	269
Overprovision from previous years	–	(3)
	<u>237</u>	<u>266</u>
Deferred tax – timing differences – note 17	<u>(25)</u>	<u>101</u>
Current tax charge for the year	<u>212</u>	<u>367</u>
(b) Factors affecting the tax charge for the year		
Net Income before taxation	<u>661</u>	<u>1,535</u>
Current Year		
Corporation tax thereon at 28% (2010 - 28%)	185	430
Expenses not deductible for tax purposes	8	24
Excess of capital allowances over depreciation	(7)	(24)
Investment loss/(gain) not taxable	63	(153)
Marginal rate relief	<u>(12)</u>	<u>(8)</u>
	<u>237</u>	<u>269</u>
<b>7. DIVIDENDS</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Final dividend paid in year of 7 6p per share (2010 7 25p per share)	206	229
Interim dividend paid in year of 2 9p per share (2010 2 9p per share)	80	91
	<u>286</u>	<u>320</u>

The Board recommends the payment of a final dividend of 7 6p per share, which will be recorded in the Financial Statements for the year ending 25th March 2012

**WYNNSTAY PROPERTIES PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2011**

**8. EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing Income after Taxation attributable to Ordinary shareholders of £449,000 (2010 £1,168,000) by the weighted average number of 2,711,617 (2010 3,155,267) ordinary shares in issue during the period. There are no instruments in issue that would have the effect of diluting earnings per share. The share buy back of 443,650 shares took place in March 2010 and therefore had no effect on the weighted average number of shares in issue as at March 2010.

<b>9. INVESTMENT PROPERTIES</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>		
Balance at 25th March 2010	21,290	20,745
Disposals	(945)	–
Assets held for sale (note 13)	(1,295)	–
Revaluation (Deficit)/Surplus	(225)	545
Balance at 25th March 2011	<u>18,825</u>	<u>21,290</u>

The Group's freehold investment properties were valued at £20,120,000 by Independent Valuers, Sanderson Weatherall, Chartered Surveyors, as at 25th March 2011, in accordance with the RICS Appraisal and Valuation Standards, on the basis of Market Value, defined as

“The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion ”

Freehold investment properties, including assets held for sale (Note 13), would have been shown at an historical cost of £16,613,000 (2010 £17,270,000) if revaluations had not been undertaken

**WYNNSTAY PROPERTIES PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2011**

**10. OTHER PROPERTY, PLANT AND EQUIPMENT**

	2011 £'000	2010 £'000
<b>Cost</b>		
Balance at 25th March 2010 and at 25th March 2011	<u>47</u>	<u>47</u>
<b>Depreciation</b>		
Balance at 25th March 2010	39	37
Charge for the Year	<u>2</u>	<u>2</u>
Balance at 25th March 2011	<u>41</u>	<u>39</u>
<b>Net Book Values at 25th March 2011</b>	<u>6</u>	<u>8</u>

**11. OPERATING LEASES RECEIVABLE**

	2011 £'000	2010 £'000
The future minimum lease payments receivable under non-cancellable <i>operating leases which expire</i>		
Not later than one year	1,389	1,556
Between 2 and 5 years	2,439	2,557
Over 5 years	<u>197</u>	<u>141</u>
	<u>4,025</u>	<u>4,254</u>

Rental Income recognised in the statement of comprehensive income amounted to £1,691,000 (2010 £1,934,000).

Typically, the properties were let for a term of between 5 and 15 years at a market rent with rent reviews every 5 years. The properties are leased on terms where the tenant has the responsibility for repairs and running costs for each individual unit with a service charge payable to cover common services provided by the landlord on certain properties.

**WYNNSTAY PROPERTIES PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2011**

<b>12. INVESTMENTS</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Quoted investments	<u>3</u>	<u>3</u>

<b>13. NON CURRENT ASSETS HELD FOR SALE</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Investment properties	<u>1,295</u>	<u>-</u>

The company anticipates that it will sell two commercial properties within the current financial year and as a result, these properties are re-classified under this heading in accordance with IFRS5

<b>14. ACCOUNTS RECEIVABLE</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Other receivables	26	82
Prepayments	-	21
	<u>26</u>	<u>103</u>

<b>15. ACCOUNTS PAYABLE</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Other creditors	153	108
Accruals and deferred income	604	769
	<u>757</u>	<u>877</u>

<b>16. BANK LOANS PAYABLE</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Bank Loan Repayable on 17 December 2013	7,455	7,700
Bank Loan Repayable equally over 4 years from 31 March 2010	-	800
	<u>7,455</u>	<u>8,500</u>

Interest has been fixed at 6.351% per annum on £3,600,000 of the bank loan until 31st March 2011, with interest on any variable rate element being charged at 1.25% per annum over LIBOR. Thereafter, interest is accruing on the remaining balance of £3,855,000 at a rate of 1.25% per annum over LIBOR until 17 December 2013.

The loan facility is secured by fixed charges over a number of freehold land and buildings owned by the Group, which at the year end had a combined value of £11,625,000 (2010 £13,100,000). The undrawn element of the loan facility available at 25th March 2011 was £1.05million (2010 £nil). The loan is additionally secured by a memorandum of security over cash deposits of £300,000 (2010 £300,000).



## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2011

#### 17. DEFERRED TAX

Under IAS 12 Income Tax, provision is made for the deferred tax liability associated with the revaluation of investment properties. The Group provides for deferred tax on investment properties by reference to the tax that would be due on the sale of investment properties by applying the corporation tax rate of 28% (2010 28%) to the revaluation deficit after indexation allowance.

	Deferred Tax on property revaluation £'000
At 26th March 2010	81
Release of provision in the year – note 6	<u>(25)</u>
At 25th March 2011	<u>56</u>

#### 18. SHARE CAPITAL

	2011 £'000	2010 £'000
Ordinary Shares of 25p each		
Authorised 8,000,000 shares	<u>2,000</u>	<u>2,000</u>
Allotted, Called Up and Fully Paid	<u>789</u>	<u>789</u>

All shares rank equally in respect of Shareholder rights.

In March 2010, the company acquired 443,650 Ordinary shares of Wynnstay Properties plc from Channel Hotels and Properties Ltd at a price of £3.50 per share as the Directors deemed it was in the best interests of the Company to do so. These shares, representing in excess of 14% of the total shares in issue, are held in Treasury. At 25th March 2011, total shares in issue and fully paid are 3,155,267, of which 443,650 are held in treasury.

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2011

**19. FINANCIAL INSTRUMENTS**

The objective of the Company's policies is to manage the Company's financial risk, secure cost effective funding for the Company's operations and to minimise the adverse effects of fluctuations in the financial markets on the value of the Company's financial assets and liabilities, on reported profitability and on the cash flows of the Company

At 25th March 2011 the Company's financial instruments primarily comprise bank loan borrowings and cash and cash equivalents. The main purpose of these financial instruments was to raise finance for the Company's operations. Throughout the period under review, the Company has not traded in any other financial instruments and the fair value of the Company's financial assets and liabilities at 25th March 2011 is not materially different from their book value. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

**Credit Risk**

The risk of financial loss due to a counterparty's failure to honour its obligations arises principally in connection with property leases and the investment of surplus cash

Tenant rent payments are monitored regularly and appropriate action is taken to recover monies owed or, if necessary, to terminate the lease. Funds may be invested and loan transactions contracted only with banks and financial institutions with a high credit rating

The Group has no significant concentration of credit risk associated with trading counterparties (considered to be over 5% of net assets) with exposure spread over a large number of tenancies

Concentration of credit risk exists to the extent that at 25th March 2011 and 2010, current account and short term deposits were almost entirely held with one financial institution, Svenska Handelsbanken AB. Maximum exposure to credit risk on cash and cash equivalents at 25th March 2011 was £881,000 (2010 £753,000)

**Currency Risk**

As the Company's assets and liabilities are denominated in Pounds Sterling, there is no exposure to currency risk

**Interest Rate Risk**

The Company is exposed to cash flow interest rate risk as it borrows at floating interest rates. The Company monitors and manages its interest rate exposure on a periodic basis. The Company finances its operations through a combination of retained profits and bank borrowings. The Company's policy is to borrow at fixed and floating rates of interest. As disclosed in note 16, interest was fixed on £3,600,000 of the Company's bank borrowings until 31st March 2011. The Company entered into an interest rate swap on December 18th 2008 as a hedge against the fixed element of its bank borrowing facility at a swap rate of 2.61% to which was added a margin of 3.79%, bringing the total to a rate of 6.4% per annum. The fair value of the financial instrument at 25th March 2011 is £nil (2010 £65,000)

**Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities. The Company has ensured continuity of funding, so that the majority of its borrowings should mature more than one year hence. Cash and cash equivalents at 25th March 2011 amounted to £881,000. Details of the Company's bank borrowings are set out in Note 16

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2011

19. FINANCIAL INSTRUMENTS (continued)

**Interest Rate Sensitivity**

Financial instruments affected by interest rate risk include loan borrowings (together with an interest rate swap contract) and cash deposits. The analysis below shows the sensitivity of the statement of comprehensive income and equity to a 0.5% change in interest rates.

	0.5% decrease in interest rates		0.5% increase in interest rates	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Impact on net interest payable - gain/(loss)	37	24	(37)	(24)
Impact on net interest receivable - gain/(loss)	(4)	(4)	4	4
<b>Total impact on pre tax profit and equity</b>	<b>33</b>	<b>20</b>	<b>(33)</b>	<b>(20)</b>

The net exposure of the Company to interest rate fluctuations was as follows

	2011	2010
	£'000	£'000
Floating rate borrowings (bank loans)	(3,855)	(3,900)
Less cash and cash equivalents	881	753
	<u>(2,974)</u>	<u>(3,147)</u>

**Fair value of financial instruments**

Except as detailed in the following table, management consider the carrying amounts of financial assets and financial liabilities recognised at amortised cost approximate to their fair value. A comparison of book values and fair values of the Company's financial assets and liabilities is set out below.

	2011		2010	
	Book Value	Fair Value	Book Value	Fair Value
	£'000	£'000	£'000	£'000
Interest bearing borrowings (note 16)	(7,455)	(7,213)	(8,500)	(8,147)
<b>Total</b>	<b>(7,455)</b>	<b>(7,213)</b>	<b>(8,500)</b>	<b>(8,147)</b>

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2011

19. FINANCIAL INSTRUMENTS (continued)

Categories of financial instruments

	2011	2010
	£'000	£'000
Financial assets		
Loans and receivables	26	103
Cash and cash equivalents	<u>881</u>	<u>753</u>
Total financial assets	907	856
Non-financial assets	<u>20,129</u>	<u>21,301</u>
Total assets	<u>21,036</u>	<u>22,157</u>
Financial liabilities		
Derivative instruments at fair value through profit or loss	–	65
Amortised cost	<u>8,212</u>	<u>9,377</u>
Total financial liabilities	8,212	9,442
Non-financial liabilities	<u>296</u>	<u>350</u>
Total liabilities	8,508	9,792
Shareholders' funds	<u>12,528</u>	<u>12,365</u>
Total shareholders' equity and liabilities	<u>21,036</u>	<u>22,157</u>

The following table provides an analysis of financial instruments as at 25th March that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
<b>Financial instruments at 25 March 2011</b>				
Quoted investments	<u>3</u>	–	–	<u>3</u>
	<u>3</u>	–	–	<u>3</u>

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2011

19. FINANCIAL INSTRUMENTS (continued)

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial instruments at 25 March 2010</b>				
Derivative instruments at fair value through profit or loss	-	(65)	-	(65)
Quoted investments	<u>3</u>	<u>-</u>	<u>-</u>	<u>3</u>
	<u>3</u>	<u>(65)</u>	<u>-</u>	<u>(62)</u>

**Capital Management**

The primary objectives of the Company's capital management are

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and
- to enable the Company to respond quickly to changes in market conditions and to take advantage of opportunities

Capital comprises shareholders equity plus net borrowings. The Company monitors capital using loan to value and gearing ratios. The former is calculated by reference to total net debt as a percentage of the year end valuation of the investment property portfolio. Gearing ratio is the percentage of net borrowings divided by shareholders equity. Net borrowings comprises total borrowings less cash and cash equivalents.

The Company's policy is that the loan to value ratio should not exceed 60% of the total value of investment properties and that the gearing ratio should not exceed 100%. Due to the decrease in the independent valuation of the secured investment properties at 25 March 2011, the market value for those properties was not enough to reach a percentage of 60% of secured investment properties in line with the bank's loan covenant. The Company has received a facility amendment letter to increase the limit in borrowings to not exceed 65% of the market value of the underlying security until 30th June 2011 at which date it will return to 60%.

	2011 £'000	2010 £'000
Loan borrowings	7,455	8,500
Cash and cash equivalents	(881)	(753)
Net borrowings	6,574	7,747
Shareholders equity	12,528	12,365
Investment properties	20,120	21,290
Loan to value ratio	32.7%	36.4%
Gearing ratio	52.5%	62.7%

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2011

**20. STATEMENT OF CASH FLOWS**

Analysis of Net Debt	25th March 2011 £'000	Cash Movement £'000	26th March 2010 £'000
Cash and cash equivalents	(881)	(128)	(753)
Bank loans due within one year	–	(200)	200
Bank loan due after more than one year	7,455	(845)	8,300
Net Debt	<u>6,574</u>	<u>1,173</u>	<u>7,747</u>

**21 COMMITMENTS UNDER OPERATING LEASES**

Future rental commitments at 25th March 2011 under non-cancellable operating leases are as follows -

	2011 £'000	2010 £'000
Within one year	15	3
Between two to five years	7	18
	<u>22</u>	<u>21</u>

**22. RELATED PARTY TRANSACTIONS**

The Company has entered into an agreement with I F M Consultants Ltd, a company owned and controlled by T J C Parker, a Director of the Company, for that company to provide certain consultancy services. During the year to 25th March 2011, I F M Consultants Ltd was paid £33,825 (2010: £35,875). There were no other related party transactions other than with the Directors, which have been disclosed under Directors' Emoluments in the Report of the Directors on page 8.

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2011

23. SEGMENTAL REPORTING

	Industrial		Retail		Office		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Rental Income</b>	1,100	1,307	299	327	292	300	<b>1,691</b>	1,934
Gain/(Loss) on property investments at fair value	(105)	745	(110)	(110)	(10)	(90)	<b>(225)</b>	545
<b>Total income and gain</b>	<b>995</b>	<b>2,052</b>	<b>149</b>	<b>217</b>	<b>282</b>	<b>210</b>	<b>1,466</b>	2,479
Property expenses	(136)	(121)	-	-	-	-	<b>(136)</b>	(121)
<b>Segment profit</b>	<b>859</b>	<b>1,931</b>	<b>149</b>	<b>217</b>	<b>282</b>	<b>210</b>	<b>1,330</b>	2,358
Unallocated corporate expenses							<b>(389)</b>	(448)
Loss on sale of investment property							<b>(39)</b>	-
<b>Operating income</b>							<b>902</b>	1,910
Interest expense (all relating to property loans)							<b>(247)</b>	(382)
Interest income and other income							<b>6</b>	7
<b>Income before taxation</b>							<b>661</b>	1,535

Other information	Industrial		Retail		Office		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Segment assets	<b>14,180</b>	14,285	<b>3,030</b>	4,085	<b>2,910</b>	2,920	<b>20,120</b>	21,290
Segment assets held as security	<b>6,015</b>	6,395	<b>3,030</b>	4,050	<b>2,545</b>	2,580	<b>11,590</b>	13,025

WYNNSTAY PROPERTIES PLC  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2011

**24. EVENTS AFTER THE END OF THE REPORTING PERIOD**

On 27th May 2011 the company entered into a sale contract for £1,100,000 of its freehold interest at Crawley with a completion date of 10th June 2011. This sale, together with a release of provisions for repairs to the building, will give rise to a profit to the company of circa £265,000. The proceeds from sale will be used to discharge bank loans.