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# Wynnstay Properties PLC

*Annual Report and Financial Statements  
for the year ended 25 March 2010*

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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 2010

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**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. DELEIVINGNE  
*(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**

18, Southampton Place, London WC1A 2AJ  
Tel. 020 7745 7160

**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 2010**

Aldershot	Eastern Road	Industrial Unit
Alton	Newman Lane	Industrial Unit
Aylesford	Quarrywood 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
Dorking	High Street	4 Retail Units
Gosport	High Street	Retail Unit
Heathfield	Station Road	5 Industrial Units
Hertford	Hertingfordbury 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 another successful year for your company Notwithstanding the political uncertainties and difficult conditions in the financial and commercial property markets which prevailed throughout the year the key performance indicators of the company showed positive growth

#### Overview of financial performance

The financial performance may be summarised as follows

	Change	2010	2009
• Profit before movement in fair value of investment properties and taxation	+ 2.7%	£990,000	£964,000
• Earnings per share – weighted average		37 0p	(125 9p)
• Earnings per share – in issue at year end		43 1p	(125 9p)
• Dividends per share, paid and proposed	+ 5.0%	10 5p	10 0p
• Net asset value per share:	+ 9.9%	455p	414p
• Adjusted net asset value per share *	+ 10.6%	458p	414p

\*Adjusted net asset value per share is net asset value determined in accordance with International Financial Reporting Standards adjusted to exclude deferred tax arising on the revaluation of the investment portfolio

#### Property Management

Property income rose slightly to £1 93 million (2009 - £1 87 million), a modest increase during what was a busy year in terms of property management. Some 22 individual tenancies were the subject of lease renewals or new lettings, representing almost 20% of the total income from the portfolio. In particular, 9 of the 18 units at Aylesford Industrial Estate came up for renewal. We were able to let two units where the tenants did not wish to renew to another significant tenant on the estate who required additional space. One unit where the lease expired at the end of April and the tenant did not wish to renew remains vacant and is currently being marketed. Tenants of the other six units renewed their leases.

When writing to you at the interim stage, I mentioned the expiry of the leases at our retail premises in Dorking and I am pleased to report that leases on each of the four shops have now been renewed. In addition rent reviews, totalling almost £150,000 p.a. were successfully negotiated of leases at three other units elsewhere in the portfolio.

With the exception of two small office suites in Colchester, a unit in St Neots, which has been relet since the year end, and the vacant unit at Aylesford mentioned above, the portfolio has been fully let throughout the year. One tenant defaulted for a small amount which is provided for in the accounts, but no material rental income remained outstanding at the year end.

#### Portfolio

As at 25 March 2010, our Independent Valuers, Sanderson Weatherall, have undertaken the annual valuation of the company's portfolio at £21,290,000, representing an increase of £545,000 or 2.6% over the valuation at the end of the prior year. This is a good outcome following the substantial write-down in the revaluation in the previous year.

Generally the market for investment properties has been competitive throughout the year with strong demand and keener pricing being the norm for good quality investments however the supply of such investments has been very limited. There have been no acquisitions or disposals during the year, although a number of potential acquisitions have been examined, however, the quality of the properties considered and the income profile and the risk of tenant default do not, in the opinion of your board, match the vendors expectations.

When I reported to you on the half-year's results, I noted that the tenant at Crawley, a subsidiary of the French Post Office, informed us that they would not be renewing their lease when it expired in July 2010 as they required

## WYNNSTAY PROPERTIES PLC

### CHAIRMAN'S STATEMENT (continued)

larger premises. Subsequently, they vacated the premises, and discharged their obligations for rent and outgoings up to the end of the lease as well as settling with us in respect of dilapidations. The premises have been actively marketed and I had hoped to have more news for you by now. While there has been some interest, we have not yet managed to secure a new tenant.

In relation to the site of our four industrial units in Twickenham where we secured planning permission for a mixed residential and commercial development, we appealed successfully certain restrictive conditions which had been imposed by the local council in the original planning consent. We are still exploring various opportunities and options in relation to this site. In the meantime, the industrial units remain occupied and income-producing on a relatively short-term basis.

We were also successful in our planning application for change of use of the upper floors of our office premises in Colchester to residential use enabling the creation of five self contained two bedroom flats within the existing building envelope.

Current economic conditions have caused several of our tenants to experience financial uncertainties and we continue to work closely with each of them to minimise the risk of defaults leading to loss of income and costs on premises becoming vacant.

Following the revaluation, as at the year-end, the industrial sector within the portfolio accounted for 67% by value, with the retail and office elements comprising 19% and 14% respectively.

#### **Borrowings and Gearing**

Net borrowings at the year-end were £8.5 million (2009 - £7.9 million) and net gearing at the year-end was 63% compared to 52% last year.

The Company continues to benefit 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 expires in March 2011. At the time of writing, there appear to be conflicting views about the timing and scale of any changes in interest rates.

#### **Costs**

Although our property and administrative costs were somewhat higher compared to the previous year, we continue to exercise tight control over overheads and the changes that we made in 2007-8 continue to deliver savings significantly in excess of £100,000 per annum. The principal reason for the increase in administrative costs was the fees and charges directly associated with the purchase by the company of its own shares, referred to below.

#### **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 purchase its own shares were duly passed. Subsequently, the Company purchased 443,650 ordinary shares at a price of 350p pence per share and these shares are now held in treasury. The effect of this purchase has been to increase earnings per share and net asset value per share and this is reflected in the figures given at the beginning of this statement. The basis of calculation is to divide the Net Assets of the Company by the 2,711,617 shares now in issue and to exclude those shares held by the company. You will be pleased to note that the shares held by the Company are not entitled to receive a dividend, which will reduce the cash outflow from the company on payment of dividends.

In order that these shares can be reissued at some stage in the future, if necessary to members other than in direct proportion to their existing holdings, for instance on a new share issue, or to persons who are not members of the Company, or as part consideration for the purchase of property, Shareholders will be asked at the forthcoming Annual General Meeting to approve the waiver of pre-emption rights on the reissue of these shares.

#### **Dividend**

The Directors are recommending a total dividend for the year of 10.5p per share, compared with 10.0p per share last year, representing a 5.0% increase. An interim dividend of 2.9p per share was paid in December 2009 and,

## WYNNSTAY PROPERTIES PLC

### CHAIRMAN'S STATEMENT (continued)

subject to approval of Shareholders at the Annual General Meeting, a final dividend of 7.6p per share will be paid on 22nd July 2010 to Shareholders on the register on 25th June 2010

#### Outlook

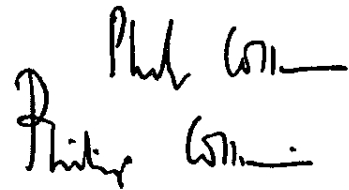
The UK is in a period of economic difficulty that appears likely to continue for some years as the new government tackles the deficit, reduces public spending and rebalances the economy. The impact of the economic difficulties on the commercial property market is unclear, but much will depend on the impact on business and the speed of recovery. Nevertheless, your Company's position remains strong and healthy 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.

#### Annual General Meeting

Our Annual General Meeting will be held at the Royal Automobile Club on Wednesday 14th July 2010. 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 its activities.

#### Colleagues and Advisers

I would like to express my grateful appreciation to Paul Williams and Toby Parker, to my fellow directors and to our professional advisers for their support and advice throughout the past successful year.

Handwritten signature of Philip G H Collins in black ink, consisting of two lines of cursive script.

11th June 2010

Philip G H Collins  
*Chairman*

## WYNNSTAY PROPERTIES PLC

### REPORT OF THE DIRECTORS 2010

The Directors present their One Hundred and Twenty-fourth Annual Report, together with the audited Financial Statements of the Company for the year ended 25th March 2010

#### 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 £1,168,000 (2009 – Loss £3,973,000) Details of movements in reserves are set out in the statement of changes in equity on page 15

#### 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 are set out on pages 12 to 15.

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 growth in rental income is 3.2% (2009 19.7%)
- The growth in value of investment properties is 2.6% (2009. -20.7%)

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

#### Dividends

The Directors have decided to recommend a final dividend of 7.6 pence per share for the year ended 25th March 2010 payable on 22nd July 2010 to those Shareholders on the register on 25th June 2010 This dividend, together with the interim dividend of 2.9 pence paid on 10th December 2009, represents a total for the year of 10.5 pence (2009 – 10.00 pence).

#### Investment properties

The investment properties have been valued by Sanderson Weatherall on the basis of Market Value at 25th March 2010 The movement in investment properties is set out in Note 9 on page 21

#### 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 2010 and 25th March 2009 are shown below.

		Ordinary Shares of 25p	
		25.3.10	25.3.09
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 2010 and 2009



## WYNNSTAY PROPERTIES PLC

### REPORT OF THE DIRECTORS 2010 (continued)

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 C P Williams retires by rotation and, being eligible, offers himself for re-election

Brief biographies of each of the Directors appear on page 33

#### Directors' Emoluments

Directors' emoluments for the year ended 25th March 2010 are set out below -

	<u>Salaries</u>	<u>Fees</u>	<u>Pension</u>	<u>Benefits</u>	<u>Total 2010</u>	<u>Total 2009</u>
P G H Collins	-	28,119	-	-	28,119	26,780
C P Williams	92,000	10,059	9,200	2,068	113,327	121,276
C H Delevingne	-	10,059	-	-	10,059	9,580
T J Nagle	-	10,059	-	-	10,059	9,580
T J C Parker	-	10,059	-	-	10,059	9,580
<b>Total 2010</b>	<b><u>£92,000</u></b>	<b><u>£68,355</u></b>	<b><u>£9,200</u></b>	<b><u>£2,068</u></b>	<b><u>£171,623</u></b>	
<b>Total 2009</b>	<b><u>£101,000</u></b>	<b><u>£65,100</u></b>	<b><u>£7,973</u></b>	<b><u>£2,723</u></b>		<b><u>£176,796</u></b>

IF M Consultants Limited, a company owned and controlled by Mr T J C Parker, was paid a fee of £35,875 for services rendered during the year (see note 21)

#### 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

## WYNNSTAY PROPERTIES PLC

### REPORT OF THE DIRECTORS 2010 (continued)

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

At the date of this report, 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 2010	Percentage of Issued Share Capital 2009
Mr P G H Collins	850,836	31.38%	26.97%
Mr H.J.A. Bird	179,280	6.61%	5.68%
Mr D Gibson	151,618	5.59%	4.8%

#### 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. The average period for which payment was outstanding during the year ended 25th March 2010 was 3 days (2009 – 2 days). The Company has no trade payables at the end of the reporting period.

#### 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.

## WYNNSTAY PROPERTIES PLC

### REPORT OF THE DIRECTORS 2010 (continued)

#### 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 18 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.

#### 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

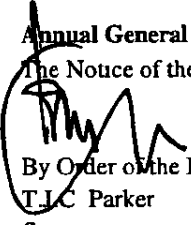
- so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- each Director has taken all the steps that ought to have been taken as a Director, including making appropriate enquiries of fellow Directors and the Company's auditors for that 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 Wednesday 14th July 2010, is set out on page 32.



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

11th June 2010

## 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 2010 which are set out on pages 12 to 30. 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 2010 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

11th June 2010

**WYNNSTAY PROPERTIES PLC**  
**STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 25TH MARCH 2010**

	Notes	2010 £'000	2009 £'000
<b>Property Income</b>	1	1,934	1,874
Property Costs	2	(121)	(97)
Administrative Costs	3	<u>(448)</u>	<u>(430)</u>
		1,365	1,347
Movement in Fair Value of Investment Properties	9	<u>545</u>	<u>(5,421)</u>
<b>Operating Income /(loss)</b>		<b>1,910</b>	<b>(4,074)</b>
Investment Income	5	7	41
Finance Costs	5	<u>(382)</u>	<u>(424)</u>
<b>Income/(loss) before Taxation</b>		<b>1,535</b>	<b>(4,457)</b>
Taxation	6	<u>(367)</u>	<u>484</u>
<b>Income/(loss) after Taxation</b>		<b><u>1,168</u></b>	<b><u>(3,973)</u></b>
<b>Basic and Diluted Earnings per Share</b>	8	<b>37.0p</b>	<b>(125 9p)</b>

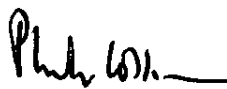
The company has no other items of comprehensive income.

**WYNNSTAY PROPERTIES PLC**  
**STATEMENT OF FINANCIAL POSITION 25TH MARCH 2010**

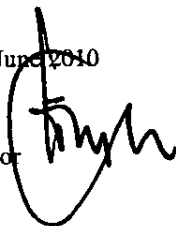
	Notes	2010 £'000	2009 £'000
<b>Non Current Assets</b>			
Investment Properties	9	21,290	20,745
Other Property, Plant and Equipment	10	8	10
Investments	12	3	3
Deferred Taxation	16	-	20
		<b>21,301</b>	<b>20,778</b>
<b>Current Assets</b>			
Accounts Receivable	13	103	101
Cash and Cash Equivalents		<b>753</b>	<b>1,119</b>
		<b>856</b>	<b>1,220</b>
<b>Current Liabilities</b>			
Bank Loans Payable	15	(200)	-
Accounts Payable	14	(877)	(782)
Derivative Financial Instruments	18	(65)	-
Income Tax Payable		(269)	(229)
		<b>(1,411)</b>	<b>(1,011)</b>
<b>Net Current (Liabilities)/Assets</b>		<b>(555)</b>	<b>209</b>
<b>Total Assets Less Current Liabilities</b>		<b>20,746</b>	<b>20,987</b>
<b>Non-Current Liabilities</b>			
Bank Loans Payable	15	(8,300)	(7,900)
Deferred Taxation	16	(81)	-
<b>Net Assets</b>		<b>12,365</b>	<b>13,087</b>
<b>Capital and Reserves</b>			
Share Capital	17	789	789
Share Premium Account		1,135	1,135
Capital Redemption Reserve		205	205
Retained Earnings		<b>10,236</b>	<b>10,958</b>
		<b>12,365</b>	<b>13,087</b>

Approved by the Board and authorised for issue on 11th June 2010

P G H Collins  
Chairman



T J C Parker  
Finance Director



**WYNNSTAY PROPERTIES PLC**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 25TH MARCH 2010**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cashflow from operating activities</b>		
Income/(Loss) before taxation	1,535	(4,457)
Adjusted for		
Depreciation	2	1
(Increase)/Decrease in fair value of investment properties	(545)	5,421
Interest income	(7)	(41)
Interest expense	317	424
Loss on financial liabilities at fair value	65	-
Changes in:		
Trade and other receivables	(2)	51
Trade and other payables	93	234
Income tax paid	(226)	(221)
Net cash from operating activities	<u>1,232</u>	<u>1,412</u>
<b>Cashflow from investing activities</b>		
Interest and other income received	7	41
Purchase of investment properties	-	(4,786)
Net cash from investing activities	<u>7</u>	<u>(4,745)</u>
<b>Cashflow from financing activities</b>		
Dividends paid	(320)	(303)
Interest paid	(315)	(433)
Proceeds from bank loans	800	8,500
Repayments of bank loans	(200)	(4,200)
Purchase of treasury shares	(1,570)	-
Net cash from financing activities	<u>(1,605)</u>	<u>3,564</u>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(366)</b>	<b>231</b>
Cash and cash equivalents at beginning of period	1,119	888
Cash and cash equivalents at end of period	<u>753</u>	<u>1,119</u>

**WYNNSTAY PROPERTIES PLC**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 25th MARCH 2010**

**YEAR ENDED 25 MARCH 2010**

	<b>Share Capital £ 000</b>	<b>Capital Redemption Reserve £ 000</b>	<b>Share Premium Account £ 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)
Balance at 25 March 2010	<u>789</u>	<u>205</u>	<u>1,135</u>	<u>10,236</u>	<u>12,365</u>

**YEAR ENDED 25 MARCH 2009**

	<b>Share Capital £ 000</b>	<b>Capital Redemption Reserve £ 000</b>	<b>Share Premium Account £ 000</b>	<b>Retained Earnings £ 000</b>	<b>Total £ 000</b>
Balance at 26 March 2008	789	205	1,135	15,234	17,363
Total comprehensive expense for the year	-	-	-	(3,973)	(3,973)
Dividends	-	-	-	(303)	(303)
Balance at 25 March 2009	<u>789</u>	<u>205</u>	<u>1,135</u>	<u>10,958</u>	<u>13,087</u>



## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2010

#### 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 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 2010**

The company has adopted the new interpretations and revised standards effective for the year ended 25th March 2010. The following revisions to existing standards had an impact on some of the disclosures and the presentation of the financial statements during the year:

*IAS 1 Presentation of Financial Statements* – The revision made substantial changes to the disclosure required in the financial statements, as well as changing the presentation of performance. The company presents a single statement of comprehensive income, while the statement of changes in equity is restricted to transactions with shareholders.

*IFRS 7 Financial Instruments Disclosures* – The revision resulted in an analysis of all financial instruments that are measured subsequent to initial recognition at fair value, grouped into a hierarchy of levels 1 to 3, based on the degree to which the fair value is observable.

##### **(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. A number of standards have also been revised as a result of the IASB Improvements projects and the Business Combination project.

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 other than the following revision to existing standards:

*IFRS 9 Financial Instruments* – The revision makes substantial changes to the classification of financial assets. There will only be two main categories of financial assets: those that are carried at amortised cost and those that are not, and must be carried at fair value. This standard will be effective for periods beginning 1st January 2013 but has not yet been issued in full and therefore the full impact on the financial statements cannot yet be determined.

##### **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 2010

#### 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.

##### **Depreciation**

In accordance with IAS 40, freehold and leasehold investment properties are included at the reporting date 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.

##### **Property Income**

Property income represents the value of accrued charges under operating leases for rental of the Company'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 the asset.

##### **Investments**

Quoted investments are recognised as held at fair value, and are 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.

**WYNNSTAY PROPERTIES PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2010**

**1. ACCOUNTING POLICIES (Continued)**

**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 2009 has been extracted from the latest published audited financial statements.

**Pensions**

Pension contribution 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 are recognised in profit or loss.

**WYNNSTAY PROPERTIES PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2010**

<b>2. PROPERTY COSTS</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Rents payable	4	4
Property management	<u>7</u>	<u>5</u>
	11	9
Legal fees	30	17
Agents fees	36	17
Development costs	38	54
Writedown on receivables	<u>6</u>	<u>-</u>
	<u>121</u>	<u>97</u>

<b>3. ADMINISTRATIVE COSTS</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Rents payable – operating lease rentals	15	15
General administration, including Staff costs	395	377
Auditors' Remuneration: Audit fees	32	33
Tax services	4	4
Depreciation and amortisation	<u>2</u>	<u>1</u>
	<u>448</u>	<u>430</u>

Included within general administration costs above are pension payments made to a former director of £5,724 (2009- £5,724)

<b>4. STAFF COSTS</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs, including Directors, during the year were as follows		
Wages and salaries	163	169
Social security costs	16	18
Other pension costs	<u>15</u>	<u>14</u>
	<u>194</u>	<u>201</u>

Details of Directors' emoluments, totalling £171,623 (2009 - £176,796), 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 2010**

<b>5 FINANCE COSTS (NET)</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable on bank loans	317	424
Loss on financial liabilities at fair value through profit or loss (note 18)	<u>65</u>	<u>-</u>
	<b>382</b>	<b>424</b>
Less Bank interest receivable	<u>(7)</u>	<u>(41)</u>
	<b><u>375</u></b>	<b><u>383</u></b>
<b>6. TAXATION</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
(a) Analysis of the tax charge for the year		
UK Corporation tax at 28% (2009 - 28%)	269	229
Overprovision from previous years	<u>(3)</u>	<u>-</u>
	<b>266</b>	<b>229</b>
Deferred tax – timing differences	<u>101</u>	<u>(713)</u>
Current tax charge/(credit) for the year	<u><b>367</b></u>	<u><b>(484)</b></u>
(b) Factors affecting the tax charge for the year		
Net Income before taxation	<u>1,535</u>	<u>(4,457)</u>
Current Year		
Corporation tax thereon at 28% (2009 - 28%)	430	(1,248)
Expenses not deductible for tax purposes	24	16
Excess of capital allowances over depreciation	(24)	(45)
Investment (gain)/loss not taxable	(153)	1,518
Marginal Rate Relief	<u>(8)</u>	<u>(12)</u>
	<b><u>269</u></b>	<b><u>229</u></b>
<b>7. DIVIDENDS</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Final dividend paid in year of 7 25p per share (2009 6 85p per share)	229	216
Interim dividend paid in year of 2 9p per share (2009 2 75p per share)	<u>91</u>	<u>87</u>
	<b><u>320</u></b>	<b><u>303</u></b>

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 2011

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2010

#### 8. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing Income after Taxation attributable to Ordinary Shareholders of £1,168,000 (2009 loss £3,973,000) by the weighted average number of 3,155,267 ordinary shares in issue during the period (2009 3,155,267). 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 material effect on the weighted average number of shares in issue.

9. INVESTMENT PROPERTIES	2010	2009
	£'000	£'000
Cost		
Balance at 25th March 2009	20,745	21,380
Additions	–	4,786
Revaluation Surplus/(Deficit)	545	(5,421)
Balance at 25th March 2010	<u>21,290</u>	<u>20,745</u>

The Company's freehold investment properties were valued at £21,290,000 by Independent Valuers, Sanderson Weatherall, Chartered Surveyors, as at 25th March 2010, 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 would have been shown at an historical cost of £17,270,000 (2009 £17,270,000) if revaluations had not been undertaken.

**WYNNSTAY PROPERTIES PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2010**

**10 OTHER PROPERTY, PLANT AND EQUIPMENT**

	<b>Total 2010 £'000</b>	<b>Total 2009 £'000</b>
<b>Office Equipment</b>		
<b>Cost</b>		
Balance at 25th March 2009 and at 25th March 2010	<u>47</u>	<u>47</u>
<b>Depreciation</b>		
Balance at 25th March 2009	37	36
Charge for the Year	<u>2</u>	<u>1</u>
Balance at 25th March 2010	<u>39</u>	<u>37</u>
<b>Net Book Values at 25th March 2010</b>	<u>8</u>	<u>10</u>

**11. OPERATING LEASES RECEIVABLE**

	<b>2010 £'000</b>	<b>2009 £'000</b>
The future minimum lease payments receivable under non-cancellable operating leases which expire		
Not later than one year	1,556	70
Between 2 and 5 years	2,557	4,046
Over 5 years	<u>141</u>	<u>2,095</u>
	<u>4,254</u>	<u>6,211</u>

Rental Income recognised in the statement of comprehensive income amounted to £1,934,000 (2009 £1,874,000)

Typically, the properties are 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 2010**

<b>12. INVESTMENTS</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Quoted investments	<u>3</u>	<u>3</u>
<b>13. ACCOUNTS RECEIVABLE</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Other receivables	82	62
Prepayments	<u>21</u>	<u>39</u>
	<u>103</u>	<u>101</u>
<b>14. ACCOUNTS PAYABLE</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Other creditors	108	46
Accruals and deferred income	<u>769</u>	<u>736</u>
	<u>877</u>	<u>782</u>
<b>15. BANK LOANS PAYABLE</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Bank loan repayable on 17 December 2013	7,700	7,900
Bank loan repayable equally over 4 years from 31 March 2010	<u>800</u>	<u>–</u>
Bank loans payable	<u>8,500</u>	<u>7,900</u>
Repayable		
Within one year	200	–
Between one to two years	200	–
Between two to five years	<u>8,100</u>	<u>7,900</u>
	<u>8,500</u>	<u>7,900</u>
Less current position (current liabilities)	<u>(200)</u>	<u>–</u>
	<u>8,300</u>	<u>7,900</u>

Interest is accruing at an effective fixed rate of 6.4% 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 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 £13,100,000 (2009 £13,270,000). The undrawn element of the loan facility available at 25th March 2010 was £nil (2009 £600,000). The loan is additionally secured by a memorandum of security over cash deposits of £300,000 (2009 £600,000).



**WYNNSTAY PROPERTIES PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2010**

**16. DEFERRED TAX**

Under IAS 12 Income Tax, provision is made for the deferred tax liability associated with the revaluation of investment properties. The Company 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% (2009 28%) to the revaluation surplus after indexation allowance.

	<b>Deferred Tax on property revaluation £'000</b>
At 26th March 2009	(20)
Provision for the year	101
At 25th March 2010	<u>81</u>

**17. SHARE CAPITAL**

	<b>2010 £'000</b>	<b>2009 £'000</b>
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 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. These shares, representing in excess of 14% of the total shares then in issue, are held as treasury shares.

At 25th March 2010 total shares in issue are and fully paid 2,711,617 (2009 3,155,267)

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2010

**18. 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 2010 the Company's financial instruments primarily comprise of bank loan borrowings (together with an interest rate swap contract) 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. 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 Company 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 2010 and 2009, 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 2010 was £753,000 (2009 £1,119,000)

**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 15, interest is fixed on £3,600,000 of the total bank borrowings until 31st March 2011

The Company entered into an interest rate swap on 18th December 2008 as a hedge against a floating 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 amounting to £65,000 has been recognised through profit and loss in the period.

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2010

18. 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	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Impact on net interest payable – gain/(loss)	24	22	(24)	(22)
Impact on net interest receivable – gain/(loss)	(4)	(6)	4	6
<b>Total impact on pre tax profit and equity</b>	<b>20</b>	<b>16</b>	<b>(20)</b>	<b>(16)</b>

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

	2010 £'000	2009 £'000
Floating rate borrowings (bank loans)	(3,900)	(4,300)
Less cash and cash equivalents	753	1,119
	<u>(3,147)</u>	<u>(3,181)</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.

	2010		2009	
	Book Value £'000	Fair Value £'000	Book Value £'000	Fair Value £'000
Interest bearing borrowings (note 15)	(8,500)	(8,147)	(7,900)	(7,900)
<b>Total</b>	<b>(8,500)</b>	<b>(8,147)</b>	<b>(7,900)</b>	<b>(7,900)</b>

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2010

18. FINANCIAL INSTRUMENTS (continued)

Categories of financial instruments	2010 £'000	2009 £'000
Financial assets		
Loans and receivables	103	121
Cash and cash equivalents	<u>753</u>	<u>1,119</u>
Total financial assets	856	1,240
Non-financial assets	<u>21,301</u>	<u>20,758</u>
<b>Total assets</b>	<b><u>22,157</u></b>	<b><u>21,998</u></b>
Financial liabilities		
Derivative instruments at fair value through profit or loss	65	-
Amortised cost	<u>9,377</u>	<u>8,682</u>
Total financial liabilities	9,442	8,682
Non-financial liabilities	<u>350</u>	<u>229</u>
Total liabilities	9,792	8,911
Shareholders' funds	<u>12,365</u>	<u>13,087</u>
<b>Total shareholders' equity and liabilities</b>	<b><u>22,157</u></b>	<b><u>21,998</u></b>

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 £'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>

There were no such financial instruments recognised in the comparative year on grounds of materiality, other than the quoted investments classified in level 1

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2010

18. FINANCIAL INSTRUMENTS (continued)

**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 2010 amounted to £753,000. Details of the Company's bank borrowings are set out in note 15.

The maturity of the Company's financial liabilities was as follows	2010	2009
	£'000	£'000
Within one year	200	-
Between one to two years	200	-
Between two to five years	8,100	7,900
	<u>8,500</u>	<u>7,900</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 of 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% and that the gearing ratio should not exceed 100%. The policy complies with the bank loan covenant that limits the borrowings to not more than 65% of the value of the underlying security until 31st May 2010 at which date it is reduced to 60%.

	2010	2009
	£'000	£'000
Net borrowings (bank loans)	8,500	7,900
Cash and cash equivalents	(753)	(1,119)
Net borrowings	<u>7,747</u>	<u>6,781</u>
Shareholders equity	12,365	13,087
Investment properties	21,290	20,745
Loan to value ratio	36.4%	32.7%
Gearing ratio	62.7%	51.8%

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2010

**19. STATEMENT OF CASH FLOWS**

Analysis of Net Debt	25th March 2010 £'000	Cash Movement £'000	26th March 2009 £'000
Cash and cash equivalents	(753)	366	(1,119)
Bank loans due within one year	200	200	-
Bank loan due after more than one year	8,300	400	7,900
Net Debt	<u>7,747</u>	<u>966</u>	<u>6,781</u>

**20. COMMITMENTS UNDER OPERATING LEASES**

Future rental commitments at 25th March 2010 under non-cancellable operating leases are as follows -

	Group £'000	Company £'000
Within one year	3	3
Between two to five years	18	18
	<u>21</u>	<u>21</u>

**21. 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 2010, I F M Consultants Ltd was paid £35,875 (2009 £61,100). 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 2010

22. SEGMENTAL REPORTING

	Industrial		Retail		Office		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Rental Income</b>	1,307	1,231	327	346	300	297	1,934	1,874
Gain/(Loss) on property investments at fair value	745	(3,513)	(110)	(990)	(90)	(918)	545	(5,421)
<b>Total income and gain</b>	<b>2,052</b>	<b>(2,282)</b>	<b>217</b>	<b>(644)</b>	<b>210</b>	<b>(621)</b>	<b>2,479</b>	<b>(3,547)</b>
Property expenses	(124)	(97)	-	-	-	-	(121)	(97)
<b>Segment profit/(loss)</b>	<b>1,931</b>	<b>(2,379)</b>	<b>217</b>	<b>(644)</b>	<b>210</b>	<b>(621)</b>	<b>2,358</b>	<b>(3,644)</b>
Unallocated corporate expenses							(448)	(430)
<b>Operating income/(loss)</b>							<b>1,910</b>	<b>(4,074)</b>
Interest expense (all relating to property loans)							(382)	(424)
Interest income and other income							7	41
<b>Income/(loss) before taxation</b>							<b>1,535</b>	<b>(4,457)</b>
<b>Other information</b>								
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Segment assets	<u>14,285</u>	<u>13,540</u>	<u>4,085</u>	<u>4,195</u>	<u>2,920</u>	<u>3,010</u>	<u>21,290</u>	<u>20,745</u>
Segment assets held as security	<u>6,395</u>	<u>6,390</u>	<u>4,050</u>	<u>4,195</u>	<u>2,580</u>	<u>2,685</u>	<u>13,025</u>	<u>13,270</u>
Segment liabilities							<u>(8,500)</u>	<u>(7,900)</u>

WYNNSTAY PROPERTIES PLC  
FIVE YEAR FINANCIAL REVIEW

Years Ended 25th March	IFRS				UK GAAP
	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
<b>PROFIT AND LOSS ACCOUNT</b>					
Property Income	1,934	1,874	1,565	1,536	1,577
Profit before Revaluation and Disposal of Investment Properties and Taxation	990	964	862	568	553
Income/(Loss) before Taxation	1,535	(4,457)	727	4,209	553
Income(Loss) after Taxation	1,168	(3,973)	978	3,745	385
<b>BALANCE SHEET</b>					
Investment Properties	21,290	20,745	21,380	21,515	20,345
Equity Shareholders' Funds	12,365	13,087	17,365	16,671	13,637
<b>PER SHARE</b>					
Basic earnings	37.0p	(125.9p)	31p	118.7p	12.2p
Dividends paid and proposed	10.5p	10.0p	9.5p	8.9p	8.3p
Net Asset Value – IFRS	455p	414p	550p	528p	418p
Net Asset Value – UK GAAP	458p	414p	572p	561p	432p

**Note:**

Equity Shareholders Funds and Net Asset Value per share shown above for 2006 has been restated to reflect the change to IFRS from GAAP

Equity Shareholders' Funds and Net Asset Value per share shown above for 2006 has been restated in accordance with the Provisions of FRS 21 in respect of dividend accounting



## WYNNSTAY PROPERTIES PLC

### NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the one hundred and twenty fourth ANNUAL GENERAL MEETING of the Members of Wynnstay Properties PLC will be held at The Royal Automobile Club, 89 Pall Mall, London SW1Y 5HS on Wednesday, 14th July 2010, at 12 00 noon to transact the following business of which resolutions 1 – 6 inclusive will be proposed as ordinary resolutions and resolution 7 will be proposed as a special resolution

#### ORDINARY BUSINESS

- 1 To adopt the Report of the Directors and the Financial Statements for the year ended 25th March 2010
- 2 To declare a final dividend for the year ended 25th March 2010
- 3 To fix the remuneration of the Directors
- 4 To reappoint Moore Stephens LLP as Auditors
- 5 To authorise the Directors to determine the remuneration of the Auditors
- 6 To reelect as a Director of the Company Mr C P Williams, who retires and offers himself for reelection

#### SPECIAL BUSINESS

- 7 That the Directors be and they are hereby generally empowered pursuant to section 573 of the Act to allot equity securities (as defined by section 560 of the Companies Act 2006 (the "Act")) for cash, by way of a sale of treasury shares ("Treasury Shares"), as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the sale of Treasury Shares up to an aggregate nominal amount of £[110,912 50] and the power hereby granted shall expire at the conclusion of the next Annual General Meeting of the Company save that the Company may before such expiry make an offer or agreement which would or might require Treasury Shares to be allotted after such expiry but otherwise in accordance with the foregoing provisions of this power in which case the Directors may allot the Treasury Shares in pursuance of such offer or agreement as if the power conferred hereby had not expired

Registered Office  
18 Southampton Place  
London WC1A 2AJ

By Order of the Board,  
T J C Parker  
Secretary  
11th June 2010

#### Notes

- 1 A Member entitled to attend and vote at the Meeting may appoint one or more proxies to attend, speak and vote in his stead. The proxy need not be a Member of the Company. To be effective, completed forms of proxy and the power of attorney or other authority (if any) under which they are signed or a copy of that power or authority certified notarially or in accordance with the Powers of Attorney Act 1971 must be lodged at the office of the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU at least 48 hours before the time appointed for the Meeting. A form of proxy is enclosed.
- 2 Completion and return of a form of proxy will not preclude a member from attending and voting at the meeting in person should he wish to do so.
- 3 The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those Shareholders registered in the register of members of the Company as at 12 00 noon on 12th July 2010, shall be entitled to attend or vote at the Annual General Meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries on the relevant register of securities after 12 00 noon on 12th July 2010 shall be disregarded in determining the rights of any person to attend or vote at the Meeting.
- 4 Copies of the service agreements under which Directors of the Company are employed by the Company will be available for inspection at the Company's registered office during normal business hours on any weekday from the date of this Notice until the date of the Annual General Meeting and for 15 minutes prior to and during the Meeting.

**WYNNSTAY PROPERTIES PLC**  
**BIOGRAPHIES OF THE DIRECTORS**

**Philip G.H. Collins (Non-Executive Chairman)** aged 62, is a Solicitor and was appointed Chairman of the Office of Fair Trading from 1st October 2005, prior to which he was a partner in an international firm based in the City where he specialised in E.U. law, with particular emphasis on competition issues. Previously, after practising for some years in the corporate and commercial field, he was seconded for a period to work as Chief Legal Adviser in an industrial group. He was appointed a Director of Wynnstay Properties in 1988 and elected Chairman in October 1998.

**Christopher Paul Williams (Managing Director)** aged 52 is a Chartered Surveyor and holds a Degree in Land Management as well as an MBA. He has spent his entire career in commercial property including fourteen years with MEPC where he held a number of senior positions. Paul has also worked for Lloyds TSB, Legal & General, GE Pensions and Credit Suisse Asset Management and joined Wynnstay Properties as Managing Director in February 2006.

**Charles H. Delevingne (Non-Executive)** aged 60. After spending his early career as a partner with prominent estate agencies, in 1981 he founded Harvey White Properties Limited, a substantial private commercial property investment company, which he continues to own and operate jointly. He was appointed to the Board in June 2002.

**Terence J. Nagle (Senior Independent Non-Executive)** aged 67, is a Chartered Surveyor who has spent his entire career in property with companies which include Mobil Oil and Rank Xerox. In 1972 he joined Brixton Estate and was Property Director from 1984 to 1993 and Managing Director from 1993 to 1997. He was appointed a Director of Wynnstay Properties in October 1998.

**Toby J. C. Parker (Finance Director and Company Secretary)** aged 55, is a Chartered Accountant who has worked for a number of small and medium sized companies in a varied number of business sectors both in the UK and abroad. He was appointed a Director of Wynnstay Properties in August 2007.