

Winkworth



M Winkworth PLC

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## *Annual Report & Accounts 2010*



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## Company Information

### DIRECTORS

S P Agace  
A J Snarey  
D C M Agace  
L M Alkin  
C Neoh

### SECRETARY

Miss M O Doregos

### REGISTERED OFFICE

The Triangle  
5-17 Hammersmith Grove  
London  
W6 0LG

### REGISTERED NUMBER

01189557

### COUNTRY OF INCORPORATION

England and Wales

### AUDITOR

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

## Chairman's Statement

2010 was a good year for Winkworth with overall transactions up by 22 per cent., despite lower volumes right across the UK market following the general election and the introduction of austerity measures. Our ability to grow came to an extent from a presence in more up-market locations and from the addition of offices with higher value properties. We developed our marketing efforts to mirror our forecast of where the market's strengths would lie and this had the beneficial effect of increasing the turnover of all the franchises that joined us in 2008-9.

We consolidated our position in the active London market, underpinning our business throughout the year, and continued to expand steadily into affluent provincial towns and cities in the south and west of England such as Romsey, Bath, Exeter and Newbury. These new offices create an increased opportunity for growth in years to come.

This momentum and expansion has continued into 2011. We have been delighted to see that the re-branded offices outside London are continuing to increase their turnover and are handling properties of higher value than they were able to under their previous brands.

Winkworth has benefited from this very visible growth by receiving a number of quality applications for new franchises. Notably, these have been from Chartered Surveyors and estate agents from amongst our competitors with many years' experience, bolstering our confidence for ongoing growth from these new potential franchisees.

We believe that volumes this year will remain substantially the same as in 2010, mainly due to a shortage of stock, hesitant buyers and more conservative mortgage lending. There has, however, been price appreciation in central London and there remains potential for further price increases when buyers' income ceases to be eroded by inflation and taxation. Our growth will come from our prominent position in the London market, along with increased sales from newly established offices and the added turnover of offices that have converted to the Winkworth brand.

Winkworth aims to achieve steady growth, with an accent on income and an ongoing plan to manage risk. We believe that such a policy gives strength to the business and we will continue to focus attention on providing our shareholders with regular and increasing returns.

**Simon Agace**  
*Chairman*

## Chief Executive's Statement

The strong recovery in the UK market that began in the second half of 2009 carried through into the first half of 2010. The market became more subdued in the second half of the year after the General Election, as negative sentiment surrounding the announced austerity measures undermined the confidence of both buyers and sellers.

The pool of buyers was limited by ongoing finance constraints, as a consequence of which prices weakened whenever supply grew. In 2010, prices of flats outside of prime markets fell by some 10%. Family houses outperformed this market due to more favourable lending conditions and were able to hold their value. In general, low interest rates, overseas buying and sustained levels of employment continued to underpin prices in London.

A buoyant start to 2010 enabled us to outperform the financial targets we had set ourselves for the year and we were also able to grow our franchise base both in London and in our target markets in the south of England that affiliate with the capital. New offices were opened in Fulham, Highbury, Romsey, Bath, Lewes and Northampton. Most recently we converted an agency in Newbury, using our systems and existing client base to improve its average property price and help grow its market share.

In 2010, we grew our transactions by 22%, outperforming the national market which saw mortgage approvals fall from 596,197 in 2009 to 575,167. Particular strength came from our new offices where transactions were 98% higher year-on-year.

At the end of the year we opened our country house department to strengthen our existing proposition and improve our ability to service high net worth clients, leveraging off our network of 57 offices across London. This department will help to source buyers for country houses, enabling our provincial offices to outperform local agencies when selling properties suited to the London buyer and has so far resulted in £14 million of instructions, 16 referrals and 3 sales.

Rentals remained strong, with rental levels appreciating across the board, in some cases by as much as 15%. The low level of transactions in the sales market has, of course, benefited the rental market with frustrated buyers looking to rent as an interim measure until financing becomes more readily available and more properties come onto the market.

In 2010, the gross property sales revenues of our franchises grew by 30% to £21 million. Winkworth's sales grew to £3,707,543, an increase of 9.5% on the 2009 level of £3,386,053, while at £1,111,417 our profits before tax were 28% higher than 2009's result of £869,014, allowing us to pay a dividend of 4.3p per share, representing a total payout of £491,436 compared to £465,000 in 2009.

**Dominic Agace**  
*Chief Executive Officer*

## Report of the Directors

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2010.

### PRINCIPAL ACTIVITY

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

### DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2010 to the date of this report.

S P Agace  
A J Snarey  
D C M Agace  
L M Alkin  
C Neoh

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

### REVIEW OF BUSINESS

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

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

The group continued to grow with 7 new franchise offices opened in the UK (2009 – 7). We grew our transactions in 2010 against 2009 by 22%, outperforming the national market which saw mortgage approvals reduce from 596,197 in 2009 to 575,167 in 2010. New office transactions were up 98% with 114 new franchise applicants against 54 in 2009. We opened our Country House department to strengthen our proposition to existing businesses in the country, and improve our ability to service high net worth clients.

### RISK FACTORS

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

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

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

### FINANCIAL RISK MANAGEMENT

The group manages its capital to ensure its operations are adequately provided for, while maximising the return to shareholders through the effective management of its resources. The principal financial risks faced by the group are liquidity risk and interest rate risk. The directors review and agree policies for managing each of these risks. These policies remain unchanged from previous periods:

**Capital risk management:** The group's objectives when managing capital are to safeguard its ability to continue as a going concern and so provide returns for shareholders and benefits for other members. The group also seeks to minimise the cost of capital and optimise its capital structure. The group currently does not carry any debt.

### CREDITORS' PAYMENT POLICY AND PRACTICE

It is the group's policy to settle the terms of payment with suppliers when agreeing the

terms of any transaction to ensure that suppliers are aware of these terms and endeavour to abide by them. Trade payables amount to 36 days on average during the year (2009: 25 days).

#### **GOING CONCERN**

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

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business; and
- state that the financial statements comply with International Financial Reporting Standards as adopted by the European Union subject to any material departures disclosed and explained in the financial statements.

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

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 financial statements may differ from legislation in other jurisdictions.

#### **DIVIDENDS**

After the year end, the company paid a final interim dividend for the year ended 31 December 2010 of 1.3p per share. This amounts to a total net dividend of £148,574.

#### **SHARE CAPITAL**

During the year, no shares have been issued and no changes have been made to the share structure.

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

So far as the directors are aware, there is no relevant audit information (as defined by Section

## Report of the Directors continued

418 of the Companies Act 2006) of which the group's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditor is aware of that information.

### **DIRECTORS' INDEMNITIES**

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

### **WEBSITES**

The group's website is  
[www.winkworthplc.com](http://www.winkworthplc.com)

The commercial website is  
[www.winkworth.co.uk](http://www.winkworth.co.uk)

### **ON BEHALF OF THE BOARD:**

**D C M Agace**

*Director*

4 May 2011



# Report of the Independent Auditors to the Members of M Winkworth PLC

We have audited the financial statements of M Winkworth Plc for the year ended 31 December 2010 on pages 9 to 32. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

## **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

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

circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

## **Opinion on financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2010 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted for use in the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

## **Matters on which we are required to report by exception**

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

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

## Report of the Independent Auditors to the Members of M Winkworth PLC continued

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

**Ian Staunton** (*Senior Statutory Auditor*)

for and on behalf of **Chantrey Vellacott DFK LLP**

Chartered Accountants and Statutory Auditor

Russell Square House

10-12 Russell Square

London

WC1B 5LF

4 May 2011

# Consolidated Statement of Comprehensive Income

for the year ended 31 December 2010

	Notes	2010 £	2009 £
<b>CONTINUING OPERATIONS</b>			
Revenue	1	3,707,543	3,386,053
Cost of sales		(840,240)	(989,800)
<b>GROSS PROFIT</b>			
Other operating income		–	3,515
Administrative expenses		(1,758,691)	(1,532,594)
<b>OPERATING PROFIT</b>			
Finance costs	4	–	(474)
Finance income	4	2,805	2,314
<b>PROFIT BEFORE TAXATION</b>			
Taxation	5 6	1,111,417 (313,050)	869,014 (232,789)
<b>PROFIT FOR THE YEAR</b>			
<b>OTHER COMPREHENSIVE INCOME</b>			
Unrealised exchange (loss)/gain		(9,543)	13,223
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			
<b>Profit attributable to:</b>			
Owners of the parent		803,981	633,972
Non-controlling interests		(5,614)	2,253
<b>798,367</b>			
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		795,392	651,779
Non-controlling interests		(6,568)	(2,331)
<b>788,824</b>			
<b>Earnings per share expressed in pence per share:</b>			
Basic and diluted	9	7.03	6.22

The notes on pages 16 to 32 form part of these financial statements

# Consolidated Statement of Financial Position

31 December 2010

	Notes	2010 £	2009 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill	10	208,965	218,430
Intangible assets	11	203,463	136,228
Property, plant and equipment	12	265,107	257,913
Investments	13	7,200	7,050
		<b>684,735</b>	<b>619,621</b>
<b>CURRENT ASSETS</b>			
Trade and other receivables	14	498,320	357,831
Cash and cash equivalents		1,600,649	1,412,665
		<b>2,098,969</b>	<b>1,770,496</b>
<b>TOTAL ASSETS</b>		<b>2,783,704</b>	<b>2,390,117</b>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	16	57,144	57,144
Share premium		777,213	777,213
Retained earnings		1,085,145	689,759
		<b>1,919,502</b>	<b>1,524,116</b>
Non-controlling interests	15	1,902	8,470
<b>TOTAL EQUITY</b>		<b>1,921,404</b>	<b>1,532,586</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax	22	29,700	22,200
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	451,361	458,287
Bank borrowings	18	92,089	111,392
Tax payable		177,150	265,652
Provisions	21	112,000	–
		<b>832,600</b>	<b>835,331</b>
<b>TOTAL LIABILITIES</b>		<b>862,300</b>	<b>857,531</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,783,704</b>	<b>2,390,117</b>

The notes on pages 16 to 32 form part of these financial statements

# Company Statement of Financial Position

31 December 2010

	Notes	2010 £	2009 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Investments	13	1	1
		1	1
<b>CURRENT ASSETS</b>			
Trade and other receivables	14	1,211,094	1,104,057
Cash and cash equivalents		665,862	–
		1,876,956	1,104,057
<b>TOTAL ASSETS</b>		<b>1,876,957</b>	<b>1,104,058</b>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	16	57,144	57,144
Share premium		777,213	777,213
Retained earnings		1,042,290	269,701
<b>TOTAL EQUITY</b>		<b>1,876,647</b>	<b>1,104,058</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		310	–
<b>TOTAL LIABILITIES</b>		<b>310</b>	<b>–</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,876,957</b>	<b>1,104,058</b>

The financial statements were approved and authorised for issue by the Board of Directors on 4 May 2011 and were signed on its behalf by:

**D C M Agace**  
Director

Company registration number: 01189557

The notes on pages 16 to 32 form part of these financial statements

# Consolidated Statement of Changes in Equity

for the year ended 31 December 2010

	Notes	Share capital £	Retained earnings £	Share premium £	Shareholders' equity £
<b>Balance at 1 January 2009</b>		100	552,880	–	552,980
Issue of share capital		7,144	–	777,213	784,357
Total comprehensive income		–	651,779	–	651,779
Bonus issue		49,900	(49,900)	–	–
Dividends paid	8	–	(465,000)	–	(465,000)
<b>Balance at 31 December 2009</b>		57,144	689,759	777,213	1,524,116
Total comprehensive income		–	795,392	–	795,392
Dividends paid	8	–	(400,006)	–	(400,006)
<b>Balance at 31 December 2010</b>		<b>57,144</b>	<b>1,085,145</b>	<b>777,213</b>	<b>1,919,502</b>

	Notes	Non-controlling interests £	Total equity £
<b>Balance at 1 January 2009</b>		10,801	563,781
Issue of share capital		–	784,357
Total comprehensive income		(2,331)	649,448
Dividends paid	8	–	(465,000)
<b>Balance at 31 December 2009</b>		8,470	1,532,586
Total comprehensive income		(6,568)	788,824
Dividends paid	8	–	(400,006)
<b>Balance at 31 December 2010</b>		<b>1,902</b>	<b>1,921,404</b>

The notes on pages 16 to 32 form part of these financial statements

# Company Statement of Changes in Equity

for the year ended 31 December 2010

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
<b>Balance at 1 January 2009</b>	100	319,601	–	319,701
<b>Changes in equity</b>				
Issue of share capital	7,144	–	777,213	784,357
Dividends paid	–	(465,000)	–	(465,000)
Bonus issue	49,900	(49,900)	–	–
Total comprehensive income	–	465,000	–	465,000
<b>Balance at 31 December 2009</b>	<b>57,144</b>	<b>269,701</b>	<b>777,213</b>	<b>1,104,058</b>
<b>Changes in equity</b>				
Dividends paid	–	(400,006)	–	(400,006)
Total comprehensive income	–	1,172,595	–	1,172,595
<b>Balance at 31 December 2010</b>	<b>57,144</b>	<b>1,042,290</b>	<b>777,213</b>	<b>1,876,647</b>

The notes on pages 16 to 32 form part of these financial statements

# Consolidated Statement of Cash Flows

for the Year Ended 31 December 2010

	Notes	2010 £	2009 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,154,313	1,083,813
Interest paid		–	(474)
Tax paid		(394,051)	(121,365)
<b>Net cash from operating activities</b>		<b>760,262</b>	<b>961,974</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(100,035)	–
Purchase of tangible fixed assets		(55,589)	(115,563)
Purchase of fixed asset investments		(150)	–
Sale of tangible fixed assets		–	100
Interest received		2,805	2,314
<b>Net cash from/(used in) investing activities</b>		<b>(152,969)</b>	<b>(113,149)</b>
<b>Cash flows from financing activities</b>			
Loan repayments in year		–	(46,000)
Share issue		–	1,143,000
Flotation costs		–	(358,643)
Equity dividends paid		(400,006)	(465,000)
<b>Net cash (used in)/from financing activities</b>		<b>(400,006)</b>	<b>273,357</b>
<b>Increase in cash and cash equivalents</b>		<b>207,287</b>	<b>1,122,182</b>
<b>Cash and cash equivalents at beginning of year</b>	2	<b>1,301,273</b>	<b>179,091</b>
<b>Cash and cash equivalents at end of year</b>	2	<b>1,508,560</b>	<b>1,301,273</b>

The notes on pages 16 to 32 form part of these financial statements



# Company Statement of Cash Flows

for the Year Ended 31 December 2010

	Notes	2010 £
<b>Cash flows from operating activities</b>		
Cash generated from operations	1	(107,040)
Net cash from operating activities		(107,040)
<b>Cash flows from investing activities</b>		
Interest received		1,477
Dividends received		1,171,431
Net cash from investing activities		1,172,908
<b>Cash flows from financing activities</b>		
Equity dividends paid		(400,006)
Net cash from financing activities		(400,006)
<b>Increase in cash and cash equivalents</b>		<b>665,862</b>
Cash and cash equivalents at beginning of year	2	–
Cash and cash equivalents at end of year	2	665,862

The company did not hold any cash and cash equivalents throughout the 2009 year.

The notes on pages 16 to 32 form part of these financial statements

# Notes to the Statements of Cash Flows

for the Year Ended 31 December 2010

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

### Group

	2010 £	2009 £
Profit before taxation	1,101,875	882,237
Depreciation and amortisation	80,858	75,042
Loss on disposal of property, plant and equipment	–	464
Reclassification of intangible assets	259	–
Exchange rate variance	9,542	18,290
Finance costs	–	474
Finance income	(2,806)	(2,314)
	<b>1,189,728</b>	<b>974,193</b>
Increase in trade and other receivables	(140,489)	(22,302)
(Decrease)/Increase in trade and other payables	(6,926)	131,922
Increase in provisions	112,000	–
<b>Cash generated from operations</b>	<b>1,154,313</b>	<b>1,083,813</b>

### Company

	2010 £
Profit before taxation	1,172,905
Finance income	(1,172,908)
	<b>(3)</b>
Increase in trade and other receivables	(107,037)
<b>Cash generated from operations</b>	<b>(107,040)</b>

## 2. CASH AND CASH EQUIVALENTS

	Group		Company	
	31.12.10 £	31.12.09 £	31.12.10 £	31.12.09 £
Cash	1,600,649	1,412,665	665,862	–
Bank overdrafts	(92,089)	(111,392)	–	–
	<b>1,508,560</b>	<b>1,301,273</b>	<b>665,862</b>	<b>–</b>

# Notes to the Consolidated Financial Statements

for the year ended 31 December 2010

## 1. ACCOUNTING POLICIES

### Basis of preparation

The financial information has been prepared under the historical cost convention and in accordance with International Financial Reporting Standards adopted by the European Union ("IFRS"). The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial information.

### Basis of consolidation

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

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

### Adoption of new and revised standards

The following IFRS, International Financial Reporting Interpretations Committee (IFRIC) interpretations and amendments have been adopted in the financial statements:

IFRS 3 (Revised) – 'Business Combinations' was issued in January 2008. It addresses the guidance for applying the acquisition method of accounting. This implementation has had no material impact on the results or net assets of the company.

IAS 23 (Revised) – 'Borrowing Costs' was issued in March 2007. It removes the option of immediately expensing borrowing costs that are directly attributable to a qualifying asset. This implementation has had no material impact on the results or net assets of the company.

IFRS 7 (Revised) – 'Financial Instruments' was issued in March 2009. It introduces a three-level hierarchy for fair value measurement disclosures and requires entities to provide additional disclosures about the relative reliability of fair value measurements. The directors have not deemed it necessary to provide any additional disclosures as any effect of implementation would be immaterial to the financial statements.

Other standards introduced during the period had no impact on these financial statements.

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

### Revenue

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

# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2010

## 1. ACCOUNTING POLICIES – continued

### Goodwill

Goodwill (being the difference between the fair value of consideration paid and the fair value of the net assets acquired) is capitalised. Goodwill is not amortised, but subject to an annual review for impairment (or more frequently if necessary). Any impairment is charged to the statement of comprehensive income as it arises.

Impairment is based on a value in use calculation whereby the net present value of future cash flows are reviewed in order to see whether these exceed the current net book value.

### Intangible assets

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

Intangibles are amortised over the period of the franchise to which they relate on a straight line basis. They are assessed for impairment by performing a value in use calculation when indicators of impairment exist. Amortisation is shown within administrative expenses in the statement of comprehensive income.

### Property, plant and equipment

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

Fixtures and fittings – 15% – 33% on reducing balance,

Freehold property – 2% straight line however, no depreciation has been charged on freehold property in the year as it is deemed immaterial.

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

### Taxation

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

### Deferred tax

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

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

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

## 1. ACCOUNTING POLICIES – continued

### Foreign currencies

SARL Agence Fraxinoise is a foreign subsidiary of the group and carries out its trade in Euros. At the balance sheet date all balances are restated into sterling at the rate of exchange ruling at that date. Exchange differences are taken into account in arriving at the operating result.

### Leased assets and obligations

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

### Borrowing costs

Borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

### Investments

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

### Provisions

Where the group has entered into litigation, either as claimant or respondent, provision is made, based upon legal advice, of the likely third party costs of handling such claims, and where appropriate, of liability settling any arising therefrom.

### Going concern

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

### Cash and cash equivalents

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

### Financial assets

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

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

Cash and cash equivalents includes cash in hand and deposits held at call with banks. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

### Loans and receivables:

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

# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2010

## 1. ACCOUNTING POLICIES – continued

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

### Financial liabilities

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

Other financial liabilities include the following items:

- Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premia payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

### Critical accounting estimates and judgements

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

#### (a) Impairment of intangibles

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

#### (b) Useful lives of property, plant and equipment

Property, plant and equipment are depreciated over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated statement of comprehensive income in specific periods.

**1. ACCOUNTING POLICIES – continued****(c) Recoverability of trade receivables**

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

**(d) Legal proceedings**

The group recognises a provision where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the financial statements. Obligations arising in respect of contingent liabilities that have been disclosed, or those which are not currently recognised or disclosed in the financial statements, could have a material effect on the group's financial position. Application of these accounting principles to legal cases requires the group's management to make determinations about various factual and legal matters beyond its control. The group reviews outstanding legal cases following developments in the legal proceedings and at each balance sheet date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the group's management as to how it will respond to the litigation, claim or assessment.

**2. SEGMENTAL REPORTING**

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

**3. EMPLOYEES AND DIRECTORS**

	2010 £	2009 £
Wages and salaries	732,142	703,573
Social security costs	99,584	86,102
	<b>831,726</b>	<b>789,675</b>

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

	2010 £	2009 £
Office and management	13	13

## Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2010

### 3. EMPLOYEES AND DIRECTORS – continued

Details of the remuneration of the Directors are shown below:

	Remuneration (including consultancy*) £	Benefits in kind £	Year to 31 December 2010 Total £	Year to 31 December 2009 Total £
D C M Agace	126,000	1,060	127,060	93,170
C Neoh	30,000	–	30,000	22,500
A J Snarey	50,000*	4,132	54,132*	39,839*
S P Agace	50,000*	–	50,000*	50,000*
L M Alkin	22,500*	–	22,500*	–
<b>Total</b>	<b>278,500</b>	<b>5,192</b>	<b>283,692</b>	<b>205,509</b>

Key management personnel are defined as directors of the group.

\*See also note 23 for transactions with directors.

### 4. FINANCE INCOME AND COSTS

	2010 £	2009 £
Finance income:		
Interest receivable	2,805	2,314
Finance costs:		
Bank interest	–	15
Bank loan interest	–	459
	–	474

### 5. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging:

	2010 £	2009 £
Depreciation	48,317	54,473
Loss on disposal of fixed assets	–	464
Amortisation	32,541	22,538
Auditor's remuneration	20,500	21,000
Rents payable under operating leases	31,701	60,580
Exchange rate variance	–	4,453

Included within auditor's remuneration above is £10,500 (2009: £11,000), relating to the company.



**6. TAXATION****Analysis of the tax charge**

	2010 £	2009 £
Current tax	305,550	231,789
Deferred tax	7,500	1,000
<b>Total tax charge in statement of comprehensive income</b>	<b>313,050</b>	<b>232,789</b>

**Factors affecting the tax charge**

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

	2010 £	2009 £
Profit on ordinary activities before taxation	1,101,874	882,237
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 – 28%)	308,525	247,026
Effects of:		
Expenses not deductible for tax purposes	2,643	11,857
Adjustment in respect of prior periods	1,751	(26,909)
Different tax rates	150	842
Capital allowances in excess of depreciation	(7,519)	(1,027)
<b>Total current tax</b>	<b>305,550</b>	<b>231,789</b>
<b>Deferred tax</b>	<b>7,500</b>	<b>1,000</b>
<b>Total tax charge in statement of comprehensive income</b>	<b>313,050</b>	<b>232,789</b>

**7. PROFIT OF PARENT COMPANY**

As permitted by Section 408 of the Companies Act 2006, the statement of comprehensive income of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £1,172,595 (2009 – £465,000).

**8. DIVIDENDS**

	2010 £	2009 £
Ordinary shares of 0.5p each (2009: £1 each)		
Interim paid 2010 – 3.5p per share (2009 – £4,650 per share)	400,006	465,000

After the statement of financial position date a final interim dividend of 1.3p per 0.5p ordinary share was paid, which is not reflected in the statement of financial position at the year end. After 31 December 2009, a final 2009 dividend of 0.5p per 0.5p ordinary share was paid. As this was declared after the comparative statement of financial position date, it is reflected in the above 2010 interim dividends paid.

## Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2010

### 9. EARNINGS PER SHARE

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

There are no dilutive potential shares in issue.

	Earnings £	Weighted average number of shares	Per-share amount pence
<b>2010</b>	<b>803,981</b>	<b>11,428,750</b>	<b>7.03</b>
<b>2009</b>	633,972	10,195,719	6.22

### 10. GOODWILL

	2010 £	2009 £
<b>COST</b>		
At 1 January	<b>218,430</b>	236,319
Exchange differences	<b>(9,465)</b>	(17,889)
At 31 December	<b>208,965</b>	218,430
<b>COST</b>		
At 31 December	<b>208,965</b>	218,430

Goodwill relates entirely to an acquisition made during 2008 of the trade of an overseas estate agent. Goodwill is not amortised but subject to an annual impairment review (or more frequently if necessary). Any impairment is charged to the statement of comprehensive income as it arises.

### 11. INTANGIBLE ASSETS

	2010 £	2009 £
<b>COST</b>		
At 1 January	<b>556,639</b>	556,639
Additions	<b>100,035</b>	–
Reclassification/transfer	<b>(259)</b>	–
At 31 December	<b>656,415</b>	556,639
<b>AMORTISATION</b>		
At 1 January	<b>420,411</b>	399,842
Amortisation for year	<b>32,541</b>	20,569
At 31 December	<b>452,952</b>	420,411
<b>NET BOOK VALUE</b>		
At 31 December	<b>203,463</b>	136,228

Intangible assets relate to the carrying value of amounts paid to franchisees on incorporation of their business into the Winkworth brand and are being amortised over the period of the franchise agreement to which they relate. Reclassification of costs above relate to the correction of insignificant errors brought forward.

**12. PROPERTY, PLANT AND EQUIPMENT****Group****Year ended 31 December 2010**

	Freehold property £	Fixtures and fittings £	Totals £
<b>COST</b>			
At 1 January 2010	83,407	569,751	653,158
Additions	–	55,589	55,589
Exchange differences	–	(322)	(322)
At 31 December 2010	83,407	625,018	708,425
<b>DEPRECIATION</b>			
At 1 January 2010	–	395,245	395,245
Charge for year	–	48,317	48,317
Exchange differences	–	(244)	(244)
At 31 December 2010	–	443,318	443,318
<b>NET BOOK VALUE</b>			
At 31 December 2010	83,407	181,700	265,107

**Year ended 31 December 2009**

	Freehold property £	Fixtures and fittings £	Totals £
<b>COST</b>			
At 1 January 2009	–	539,212	539,212
Additions	83,407	32,156	115,563
Disposals	–	(1,002)	(1,002)
Exchange differences	–	(615)	(615)
At 31 December 2009	83,407	569,751	653,158
<b>DEPRECIATION</b>			
At 1 January 2009	–	341,425	341,425
Charge for year	–	54,473	54,473
Eliminated on disposal	–	(438)	(438)
Exchange differences	–	(215)	(215)
At 31 December 2009	–	395,245	395,245
<b>NET BOOK VALUE</b>			
At 31 December 2009	83,407	174,506	257,913

## Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2010

### 13. INVESTMENTS

#### Group

#### Unlisted investments

	2010 £	2009 £
<b>COST</b>		
At 1 January	7,050	7,050
Additions	150	–
At 31 December	7,200	7,050
	–	474
<b>COST</b>		
At 31 December	7,200	7,050

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

#### Company

#### Shares in group undertakings

	2010 £	2009 £
<b>COST</b>		
At 1 January	1	1
<b>NET BOOK VALUE</b>		
At 31 December	1	1

## 13. INVESTMENTS – continued

### Subsidiary Undertakings

M Winkworth Plc had the following subsidiary undertakings as at 31 December 2010:

	% holding
<b>Winkworth Franchising Limited</b>	
Country of incorporation: England and Wales	
Nature of business: Franchisor to the Winkworth estate agencies	
Class of shares: holding	
A ordinary shares	100
<b>Winkworth France Limited (shares held indirectly)</b>	
Country of incorporation: England and Wales	
Nature of business: International estate agents	
Class of shares: holding	
Ordinary shares	90
<b>SARL Agence Fraxinoise (shares held indirectly)</b>	
Country of incorporation: France	
Nature of business: Estate agents	
Class of shares: holding	
Ordinary shares	81
<b>Winkworth Financial Services Limited (shares held indirectly)</b>	
Country of incorporation: England and Wales	
Nature of business: Dormant	
Class of shares: holding	
Ordinary shares	100

## 14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Trade receivables	229,742	192,172	–	–
Amounts owed by group undertakings	–	–	1,211,094	1,104,057
Other receivables	103,076	10,279	–	–
Amounts due from related parties	87,330	78,546	–	–
Prepayments and accrued income	78,172	76,834	–	–
	<b>498,320</b>	<b>357,831</b>	<b>1,211,094</b>	<b>1,104,057</b>

Trade receivables are stated net of bad debt provisions of £53,429 (2009 – £45,012). The movement in the provision has been recognised in the statement of comprehensive income.

## Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2010

### 14. TRADE AND OTHER RECEIVABLES – continued

#### Ageing of trade receivables

	2010 £	2009 £
Total trade receivables	<b>229,742</b>	192,172
Of which:		
Not overdue	<b>125,844</b>	116,671
Past due less than one year	<b>103,898</b>	75,501
	<b>229,742</b>	192,172

### 15. NON-CONTROLLING INTERESTS

Non-controlling interests relate to a minority shareholding of Winkworth France Limited and SARL Agence Fraxinoise that is not held by members of the group.

### 16. SHARE CAPITAL

	2010 £	2009 £
Authorised:		
20,000,000 Ordinary shares of 0.5p	<b>100,000</b>	100,000
Issued and fully paid:		
11,428,750 Ordinary shares of 0.5p	<b>57,144</b>	57,144

### 17. TRADE AND OTHER PAYABLES

#### Group

	2010 £	2009 £
Trade payables	<b>194,709</b>	133,125
Other taxes and social security	<b>158,752</b>	118,893
Other payables	<b>45,077</b>	38,714
Amounts due to related company	<b>15</b>	6,197
Accruals and deferred income	<b>52,808</b>	161,358
	<b>451,361</b>	458,287

### 18. BANK BORROWINGS

#### Group

	2010 £	2009 £
Bank overdraft	<b>92,089</b>	111,392

The bank overdraft is secured by a fixed and floating charge on all assets of Winkworth Franchising Limited.

**19. LEASING AGREEMENTS****Group**

	Non-cancellable operating leases	
	2010	2009
	£	£
Land and buildings:		
Within one year	31,701	–
Between one and five years	–	60,580

This disclosure relates to the minimum future payments on non-cancellable operating leases.

**20. FINANCIAL INSTRUMENTS****Financial instruments – Risk Management**

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

- Credit risk
- Liquidity risk
- Currency risk
- Market risk

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

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

**Principal financial instruments**

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

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

**General objectives, policies and processes**

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

## Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2010

### **20. FINANCIAL INSTRUMENTS – continued**

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

#### **Credit risk**

Credit risk is the risk of financial loss to the Group if a franchisee or a counterparty to a financial instrument fails to meet its contractual obligations. The group is mainly exposed to credit risk from franchise omissions. It is group policy to assess the credit risk of new franchisees before entering contracts. Such credit ratings are taken into account by local business practices.

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

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

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

#### **Liquidity risk**

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

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

#### **Currency risk**

Currency risk arises from the group's French subsidiary, SARL Agence Fraxinoise. The directors deem that the potential effects of foreign exchange fluctuations will not have a material impact on the financial statements.

#### **Market risk**

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

#### **Interest rate and currency of cash balances**

Floating rate financial assets of £610,726 (2009: £1,411,887) comprise sterling cash deposits. There are no fixed rate financial assets.

#### **Fair values of financial instruments**

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



**21. PROVISIONS****Group**

	2010 £	2009 £
Other provisions	<b>112,000</b>	–

A provision has been made during the year in relation to a potential litigation claim against the group. The provision covers the likely third party costs of handling the claim, based on legal advice.

**22. DEFERRED TAX****Group**

	2010 £	2009 £
Balance at 1 January	<b>22,200</b>	21,200
Transfer to profit and loss	<b>7,500</b>	1,000
Balance at 31 December	<b>29,700</b>	22,200

Deferred tax relates wholly to accelerated capital allowances.

**23. TRANSACTIONS WITH DIRECTORS**

During the year the group was charged £40,300 (2009 – £41,942) in respect of consultancy fees and travel expenses by Tony Snarey Developments and Construction Limited, a company in which A J Snarey has an interest.

During the year the group was charged £14,000 (2009 – £Nil) in respect of consultancy fees by A J Snarey.

During the year the group was charged £55,569 (2009- £50,000) in respect of consultancy fees and expenses by Pibeta S.A, a company in which S P Agace has an interest.

During the year the group was charged £22,746 (2009- £Nil) in respect of consultancy fees and expenses by Filross Securities Limited, a company in which L M Alkin has an interest.

## Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2010

### 24. RELATED PARTY DISCLOSURES

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

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

	Note	Net income		Fees charged		Year end balances	
		2010 £	2009 £	2010 £	2009 £	2010 £	2009 £
Caxton Street Properties Limited	c	–	–	–	–	(15)	(15)
Shelley Limited	a	<b>71,412</b>	72,419	–	–	<b>7,473</b>	9,910
Tony Snarey Developments and Construction Limited	a	–	–	<b>40,300</b>	41,942	–	(6,182)
Christopher Garveigh Limitada	a	<b>29,427</b>	43,712	–	–	<b>32,106</b>	19,202
YH Investments Limited	b	<b>47,345</b>	38,287	–	–	<b>45,047</b>	48,067
Waldeck Snarey & Brown Limited	a	<b>66,915</b>	51,150	–	–	<b>2,703</b>	1,367
Pibeta S.A.	c	–	–	<b>55,569</b>	50,000	–	–
Filross Securities Limited	d	–	–	<b>22,746</b>	–	–	–

The relationship of the above companies is as follows:

- a Company of which Mr A J Snarey is a director
- b Company of which Mr S P Agace is a director
- c Company in which Mr S P Agace has an interest
- d Company in which Mr L M Alkin has an interest

During the year the following dividends were paid to directors:

- A J Snarey £45,921 (2009: £45,750)
- S P Agace £221,763 (2009: £416,550)
- L M Alkin £8,960 (2009: £Nil)
- D Agace £17,480 (2009: £Nil)
- C Neoh £440 (2009: £Nil)

### 25. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

After the statement of financial position date, the group acquired Mitchells Estate Agents Limited, adding a further four offices to the group's UK franchise network.

Following the statement of financial position date, the group announced it has placed 1,247,488 new ordinary shares of 0.5p each in M Winkworth Plc at 82p per share through its broker, FinnCap, to raise approximately £1m. The net proceeds of the placing will be used to develop the group's franchise base.

## Notice of Annual General Meeting

Notice is hereby given that the annual general meeting of M Winkworth plc (the “**Company**”) will be held on 6 June 2011 at 10.00 a.m. at the offices of FinnCap Limited at 60 New Broad Street, London EC2M 1JJ to transact the following business. Resolutions 1 to 5 (inclusive) will be proposed as ordinary resolutions. Resolution 6 will be proposed as a special resolution.

1. To receive the accounts, the report of the directors and the auditors’ report on the accounts and on the auditable part of the directors’ remuneration report for the year ended 31 December 2010.
2. To receive and approve the directors’ remuneration report for the year ended 31 December 2010.
3. To re-appoint Chantry Vellacott DFK LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
4. To authorise the directors to determine the auditors’ remuneration.
5. That the directors be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “**2006 Act**”) in substitution for all existing authorities:
  - 5.1 to exercise all the powers of the Company to allot shares and to make offers or agreements to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (together “**Relevant Securities**”) up to an aggregate nominal amount of twenty one thousand, one hundred and twenty seven pounds (£21,127); and
  - 5.2 to exercise all the powers of the Company to allot equity securities (within the meaning of section 560 of the 2006 Act) up to an additional aggregate nominal amount of twenty one thousand, one hundred and twenty seven pounds (£21,127) provided that this authority may only be used in connection with a rights issue in favour of holders of ordinary shares and other persons entitled to participate therein where the equity securities respectively attributable to the interests of all those persons at such record dates as the directors may determine are proportionate (as nearly as may be) to the respective numbers of equity securities held or deemed to be held by them or are otherwise allotted in accordance with the rights attaching to such equity securities subject to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements or legal difficulties under the laws of any territory or the requirements of a regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatsoever,

provided that the authorities in **paragraphs** 5.1 and 5.2 shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or if earlier on the date which is 15 months after the date of the annual general meeting, except that the Company may before such expiry make an offer or agreement which would or might require Relevant Securities or equity securities as the case may be to be allotted after such expiry and the directors may allot Relevant Securities or equity securities in pursuance of any such offer or agreement as if the authority in question had not expired.
6. That the directors be and are empowered, in accordance with section 570 of the 2006 Act, to allot equity securities (as defined in section 560(1) of the 2006 Act) for cash pursuant to the authority conferred by resolution number 5 or by way of a sale of treasury shares as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to:
  - 6.1 the allotment of equity securities in connection with a rights issue or other pro rata offer (but, in the case of the authority conferred by **paragraph** 5.2 above, by way of a rights issue only) in favour of holders of ordinary shares and other persons entitled to participate therein where the equity securities respectively attributable to the interests of all those persons at such record dates as the

## Notice of Annual General Meeting continued

directors may determine are proportionate (as nearly as may be) to the respective numbers of equity securities held (or deemed to be held) by them or are otherwise allotted in accordance with the rights attaching to such equity securities subject in each case to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements or legal difficulties under the laws of any territory or the requirements of a regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatsoever; and

6.2 the allotment (otherwise than pursuant to **paragraph 6.1** above) of equity securities up to an aggregate nominal amount of twelve thousand, six hundred and seventy six pounds (£12,676);

and shall expire upon the expiry of the general authority conferred by resolution 5 above, except that the Company may make an offer or agreement before this power expires which would or might require equity securities to be allotted and/or shares held by the Company in treasury to be sold or transferred after such expiry and the directors may allot equity securities and/or sell or transfer shares held by the Company in treasury in pursuance of such offer or agreement as if the power conferred by this resolution had not expired.

Dated: 9 May 2011

**REGISTERED OFFICE:**

The Triangle  
5-17 Hammersmith Grove  
London  
W6 OLG

**BY ORDER OF THE BOARD**

**Margaret Ogunbunmi Doregos**  
*Secretary*

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the meeting. A member can appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.
2. Your proxy could be the Chairman, another director of the Company or another person who has agreed to attend to represent you. Your proxy will vote as you instruct and must attend the meeting for your vote to be counted. Details of how to appoint the Chairman or another person as your proxy using the proxy form are set out in the notes to the proxy form. Appointing a proxy does not preclude you from attending the meeting and voting in person. If you attend the meeting in person, your proxy appointment will automatically be terminated.
3. An appointment of proxy is provided with this notice and instructions for use are shown on the form. In order to be valid, completed proxies must be received (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority) by Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 10.00 a.m. on 4 June 2011.
4. To change your proxy instructions you may return a new proxy appointment using the methods set out above. Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact Capita Registrars, The Registry,

34 Beckenham Road, Beckenham, Kent BR3 4TU. The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others.

5. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
  - (a) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear UK & Ireland’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer’s agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
  - (b) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
  - (c) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
6. Only those shareholders registered in the Register of Members of the Company as at 5.30 p.m. on 4 June 2011 (or, if the meeting is adjourned, on the date which is two days before the time of the adjourned meeting) shall be entitled to attend and vote at the meeting or adjourned meeting in respect of the number of shares registered in their respective names at that time. Changes to the Register of Members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting or adjourned meeting.
7. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

## Notice of Annual General Meeting continued

8. The proxy card accompanying this notice includes an election form which asks shareholders to decide (i) if they wish to continue to receive documents or information in paper form (ii) to provide an email address to which notifications that documents or information are available on the website can be sent or (iii) to take no action and view any documents or information via the Company's website. Shareholders should note that if they do not respond to the election form, they will be taken to have agreed that the Company may send or supply documents or information by means of its website. However, where shareholders are provided with documents by means of the Company's website, they will be notified by the Company whenever a relevant document has been made available on that website.
9. You may not use any electronic address provided either in this notice of annual general meeting or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.
10. As at 6 May 2011 (being the last business day before the publication of this Notice), the Company's issued share capital consisted of 12,676,238 ordinary shares carrying one vote each. The Company does not hold any shares in treasury. Therefore the total voting rights in the Company are 12,676,238.
11. Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to:
- (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting; or
  - (b) any circumstances connected with an auditor of the Company ceasing to hold office since the last annual general meeting, that the members propose to raise at the meeting.
- The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.
12. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if:
- (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
  - (b) the answer has already been given on a website in the form of an answer to a question; or
  - (c) it is undesirable in the interests of the company or the good order of the meeting that the question be answered.
13. The following documents are available for inspection at the registered office of the Company during normal business hours on each weekday (public holidays excluded) and at the place of the annual general meeting for 15 minutes prior to and during the meeting:
- (a) copies of the executive directors' service contracts with the Company;
  - (b) copies of letters of appointment of non-executive directors;
  - (c) a copy of the Articles of Association.



# Winkworth

## **M Winkworth PLC**

The Triangle  
5-17 Hammersmith Grove  
London, W6 0LG

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*winkworthplc.com*