

# Wynnstay Properties PLC

*Annual Report and Financial Statements  
for the year ended 25 March 2013*



# WYNNSTAY PROPERTIES PLC

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## CHAIRMAN'S STATEMENT REPORT OF THE DIRECTORS and FINANCIAL STATEMENTS YEAR ENDED 25TH MARCH 2013

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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. DELEVINGNE  
(*Non-Executive Director*)

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

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

**REGISTERED OFFICE**

150 Aldersgate Street, London EC1A 4AB

**AUDITORS**

MOORE STEPHENS LLP  
150 Aldersgate Street, London EC1A 4AB

**SOLICITORS**

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

**NOMINATED ADVISER & BROKER**

CHARLES STANLEY & CO LIMITED  
131 Finsbury Pavement, London EC2A 1NT

**VALUERS**

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

**REGISTRARS**

CAPITA REGISTRARS LIMITED  
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 2013

Aldershot	Eastern Road	Industrial Unit
Aylesford	Quarry Wood Industrial Estate	18 Industrial Units
Basingstoke	Crockford Lane	3 Industrial Units
Chessington	Oakcroft Business Park	3 Industrial Units/Offices
Colchester	Short Wyre Street	4 Retail Units
Cosham	High Street	Offices
Gosport	High Street	Retail Unit
Heathfield	Station Road	5 Industrial Units
Hertford	Hertingfordbury Road	2 Industrial Units
Lewes	Brooks Road	2 Retail Warehouse 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
Surbiton	St James' Street	Offices
Uckfield	Bell Lane	4 Industrial Units

All the above properties are Freehold.

## WYNNSTAY PROPERTIES PLC

### CHAIRMAN'S STATEMENT

I am pleased to report that your company has enjoyed another successful year in its core commercial property activities despite the continuing challenging economic environment to which I referred when I wrote to you at this time last year. The portfolio has continued to be actively managed and we continue to search out good quality investments that will add value for shareholders, in terms of income and capital value, in the medium to longer term.

#### Overview of financial performance

Against this background, the financial performance for the year may be summarised as follows:

	Change	2013	2012
• Property income	+8.3%	£1,628,000	£1,503,000
• Profit before movement in fair value of investment properties and taxation	(4.7)%	£1,103,000	£1,158,000
• Earnings per share		(7.1p)	4.3p
• Dividends per share, paid and proposed	+2.8%	10.8p	10.5p
• Net asset value per share	(3.9)%	438p	456p
• Net gearing	(9.7)%	40.6%	50.3%

Whilst property income increased to £1.63 million from £1.5 million last year, reflecting the benefit of new streams of rental income from the latest additions to our portfolio, namely the two retail warehouse units at Lewes and the office premises at Surbiton, the purchases of which we completed in March and April 2012 respectively, profit before the movement in fair value of the investment properties fell marginally to £1,103,000 reflecting in part the lower profits than in the preceding year from selling property. During the year, we sold our industrial unit at Alton at a profit of £100,000 whereas in 2012 we sold two properties at a profit of £346,000. The income from the two new purchases has more than compensated for the loss of income from the sale of the Alton property.

Earnings per share were reduced compared to the previous year due to the reduction in the value of the portfolio mentioned below. As I have explained in previous reports, accounting rules now require any positive or negative movements in the value of the portfolio to be reflected both in the statement of comprehensive income (thus affecting earnings) as well as in the statement of financial position (thus affecting net asset value per share). This means that, especially in a small company such as Wynnstay, modest changes (up or down) in the value of the portfolio from year to year can have a dramatic impact on earnings, even though the impact on net asset value is far less pronounced, with a reduction of 3.9%.

#### Property Management and Portfolio

Once again, it has been a busy year on the management side. We have been successful in reletting, renewing or varying 13 leases across the portfolio. In addition to those mentioned in my interim statement concerning Aylesford, Heathfield, Norwich, St Neots and Uckfield, I am pleased to say that we have renewed or extended leases for two units at the Oakcroft Business Park at Chessington as well as two further units at Aylesford, our industrial unit at Aldershot, one of the industrial units at Uckfield and the retail premises at Shirley. The terms agreed in some cases have had to reflect current market conditions, resulting in shorter leases or lower rents but your Board is content that the agreements reached are the best achievable.

In this connection and as I have previously noted, we believe that strong, positive relationships with our tenants are important and we continue to work closely with them to understand their current and future needs and thus to reduce the incidence of vacant premises and tenant defaults arising in the portfolio, with their attendant costs and loss of income.

## WYNNSTAY PROPERTIES PLC

### CHAIRMAN'S STATEMENT (continued)

On the other hand, economic conditions facing many of our tenants are very tough, and I regret to report that our longstanding tenant at Hertford, a firm of printers, went out of business late last year. The premises have been subject to some minor refurbishment works prior to re-letting and are now being offered in the market. Whilst there has been some interest for a variety of possible uses, it may well be some time before they become income producing. This business failure, together with a prudent view of other tenants with a poor payment record, has resulted in our first significant bad debt for many years of £28,000 which is reflected in this years accounts together with the refurbishment costs of about £20,000.

Apart from the acquisition of the office premises in Surbiton early in the year already referred to above, we did not make any other acquisitions during the year although a number of proposals were actively considered. Towards the very end of the year, we considered several interesting potential purchases and I am pleased to report that we negotiated terms and completed the purchase on one of them in the second half of May. Crown Close Industrial Estate in Hailsham, East Sussex is an estate of seven small industrial units, let to predominantly locally established businesses. We paid £905,000 and with passing rents of £83,000 it shows an attractive yield of gross 9.2% and 8.7% net. This estate fits well with our other industrial estate holdings in the area of Heathfield and Uckfield. At the time of writing, we have a number of other possible acquisitions under active consideration and I hope to have further news of these for you in due course.

#### **Portfolio Valuation**

As at 25 March 2013, our Independent Valuers, Sanderson Weatherall, have undertaken the annual valuation of the company's portfolio at £17,700,000, representing a modest fall, on a like-for-like basis of £937,000 or 5.5%, over the valuation at the end of the prior year. The Board consider this to be a satisfactory outcome given the continuing uncertainties affecting the commercial property market and the broader economic conditions.

Following the revaluation, as at the year-end, the industrial sector within the portfolio accounted for 60% by value, with the retail and office elements comprising 18% and 22% respectively.

#### **Borrowings and Gearing**

Total borrowings at the year-end were £5.4 million (2012 - £7.2 million) and net gearing at the year-end was 40.6% compared to 50.3% last year. The lower borrowings reflect loan repayments made following the disposal of our Alton and Twickenham properties.

As you may recall, the five-year term of our borrowing facility of £8.5 million with Svenska Handelsbanken expires in December 2013. Having tested the market, we have received an indicative offer from them for a new five year facility of £10 million, the main terms of which have been agreed in principle with the detailed agreements currently being under negotiation. The Board have no reason to suppose that this facility will not be taken up, and will publish an update on the company's website as and when the paperwork is finalised.

The Company benefits from the historically very low levels of interest payable under our existing borrowing facility where the rate of interest is variable and is linked to LIBOR. As most businesses negotiating with their bankers have found, the margins over LIBOR sought by lenders have increased substantially over those available in 2008 and this will be reflected in our new facility. However, the Board considers that an increased facility of £10 million on the main terms agreed in principle, is in the best interest of the Company for its further development. As regards the prevailing outlook for interest rates generally, according to most commentators, there seems to be limited prospect of an increase in rates in the immediate future.

#### **Costs**

Our property costs this year were significantly less than in the prior year, mainly due to the saving in one-off costs relating to the Twickenham site and the payment of business rates on vacant premises in that year. Tight control has resulted in administrative costs also being lower than in the previous year.

## WYNNSTAY PROPERTIES PLC

### CHAIRMAN'S STATEMENT (continued)

#### **Dividend**

The Directors are recommending a total dividend for the year of 10.8p per share being a modest increase over the 10.5p paid in the last year. An increased interim dividend of 3.4p per share was paid in December 2012 and the Board has considered carefully whether the final dividend for the year should also be increased, but has decided against doing so. However, assuming favourable conditions at the end of the half year, they will consider increasing the interim dividend for payment in December 2013, with a view to achieving a better balance between the interim and final dividends. Accordingly, subject to approval of Shareholders at the Annual General Meeting, a final dividend of 7.6p per share will be paid on 16th July 2013 to Shareholders on the register on 21st June 2013.

#### **Outlook**

As in most recent years, the uncertain prospects for the recovery of the United Kingdom economy inevitably affect our business and this is reflected in the reduced value of the portfolio and, in some cases, in the terms that we are able to agree with tenants of our properties as well as in the increased risks of tenant defaults and the costs of empty properties. However, your Company continues to perform well in all the circumstances and to offer opportunities for future progress. We will continue to make changes to the portfolio which will remove properties that are less able to deliver income and capital growth and add properties that will improve the quality of our earnings and the value of our assets in the longer term, with a view to delivering a better income stream and net asset value for Shareholders.

#### **Unsolicited approaches to Shareholders**

Shareholders are reminded that unsolicited approaches regarding their shares may be from fraudsters. If you are in any doubt, please refer to my letter enclosed with last year's Annual Report (also available on our website: [www.wynnstayproperties.co.uk](http://www.wynnstayproperties.co.uk)) or to the website of the Financial Conduct Authority ([www.fca.org.uk/consumers/scams](http://www.fca.org.uk/consumers/scams)).

#### **Annual General Meeting**

Our Annual General Meeting will be held at the Royal Automobile Club on Thursday 11th July 2013. As always, I would encourage as many Shareholders as possible to attend so that they can both take part in the formal business and meet the Board and other Shareholders informally before and after the meeting and discuss the Company's activities.

#### **Colleagues and Advisers**

Finally I would like to thank our two executive directors – Paul Williams, our Managing Director, and Toby Parker, our Finance Director – who manage your company's business with great skill and perseverance as well as good humour. The two executive directors and I, as your Chairman, benefit from the substantial commercial property experience of our two non-executive directors – Charles Delevingne and Terence Nagle. I would like to thank all four of them, as well as our advisers, for their support over the past year.



Philip G.H. Collins  
*Chairman*

13th June 2013

## WYNNSTAY PROPERTIES PLC

### REPORT OF THE DIRECTORS 2013

The Directors present their One Hundred and Twenty-seventh Annual Report, together with the audited Financial Statements of the Company for the year ended 25th March 2013.

#### **Principal Activity**

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

#### **Loss for the Year**

The loss for the year after taxation amounted to £193,000 (2012: income £117,000). Details of movements in reserves are set out in the statement of changes in equity on page 16.

#### **Business Review, Performance Indicators and Risks**

A review of the business for the year and of the future prospects of the Company is included in the Chairman's Statement on pages 4 to 6. The financial statements and notes are set out on pages 13 to 31.

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

- The growth in rental income is 8.3% (2012: reduction of 11.1%).
- The reduction in value of the investment portfolio on a like for like basis was 5.5% (2012: reduction of 4.3%).

The principal risks and uncertainties are those associated with the commercial property 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.

#### **Events since the end of the year**

On 20th May, the Company completed the purchase of an industrial estate comprising seven units in Hailsham, East Sussex for £905,000.

#### **Dividends**

The Directors have decided to recommend a final dividend of 7.6 pence per share for the year ended 25th March 2013 payable on 16th July 2013 to those shareholders on the register on 21st June 2013. This dividend, together with the interim dividend of 3.2 pence paid on 10th December 2012, represents a total for the year of 10.8 pence (2012 – 10.5 pence).

#### **Investment Properties**

The investment properties have been valued by Sanderson Weatherall on the basis of Market Value at 25th March 2013. The movement in investment properties is set out in Note 9 on page 22.

## WYNNSTAY PROPERTIES PLC

### REPORT OF THE DIRECTORS 2013 (continued)

#### **Directors**

The Directors holding office during the financial year under review and their beneficial and non-beneficial interests in the ordinary share capital of the Company at 25th March 2013 and 25th March 2012 are shown below:

		Ordinary Shares of 25p	
		25.3.13	25.3.12
P.G.H. Collins	Non-Executive Chairman	<b>850,836</b>	850,836
C.P. Williams	Managing Director	—	—
C.H. Delevingne	Non-Executive Director	<b>5,000</b>	5,000
T.J. Nagle	Non-Executive Director	<b>13,000</b>	13,000
T.J.C. Parker	Finance Director and Secretary	<b>1,750</b>	—

The interests shown above in respect of Mr. P.G.H. Collins include non-beneficial interests of 229,596 shares at 25th March 2013 and 2012.

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.H. Delevingne retires by rotation and, being eligible, offers himself for re-election.

Brief biographies of each of the Directors appear on page 34.

#### **Directors' Emoluments**

Directors' emoluments for the year ended 25th March 2013 are set out below:-

	<u>Salaries</u>	<u>Fees</u>	<u>Pension</u>	<u>Benefits</u>	<b>Total</b>	Total
	<u>2013</u>	<u>2013</u>	<u>2013</u>	<u>2013</u>	<b>2013</b>	<b>2012</b>
P.G.H. Collins	—	29,525	—	—	29,525	29,525
C.P. Williams	96,750	10,562	9,675	2,281	119,268	119,268
C.H. Delevingne	—	10,562	—	—	10,562	10,562
T.J. Nagle	—	10,562	—	—	10,562	10,562
T.J.C.Parker	—	10,562	—	—	10,562	10,562
<b>Total 2013</b>	<b>£96,750</b>	<b>£71,773</b>	<b>£9,675</b>	<b>£2,281</b>	<b>£180,479</b>	
<b>Total 2012</b>	<b>£96,750</b>	<b>£71,773</b>	<b>£9,675</b>	<b>£2,281</b>		<b>£180,479</b>

I.F.M. Consultants Limited, a company owned and controlled by Mr T.J.C. Parker, was paid a fee of £36,648 (2012: £36,648) for services rendered during the year (see note 22).

## WYNNSTAY PROPERTIES PLC

### REPORT OF THE DIRECTORS 2013 (continued)

#### Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with IFRS as adopted by the European Union and applicable law. The financial statements must, in accordance with IFRS as adopted by the European Union, present fairly the financial position and performance of the Company; such references in the UK Companies Act 2006 to such financial statements giving a true and fair view are references to their achieving a fair presentation. Under Company law Directors must not approve the financial statements unless they are satisfied that they give a true and fair view. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS as adopted by the European Union;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

#### Directors' and Officers' Liability Insurance

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

#### Substantial Interests

As at 13 June 2013, 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:

	<b>No. of Ordinary Shares of 25p</b>	<b>Percentage of Issued Share Capital 2013</b>	<b>Percentage of Issued Share Capital 2012</b>
Mr P.G.H. Collins	850,836	31.38%	31.38%
Mr D. Gibson	302,618	11.16%	10.37%

## WYNNSTAY PROPERTIES PLC

### REPORT OF THE DIRECTORS 2013 (continued)

#### **Payment Policy for Creditors**

It is the Company's policy to agree payment terms with suppliers when negotiating business transactions and pay suppliers in accordance with contractual or other legal obligations. At 25 March 2013, the average credit payment period was 1 day (2012: 2 days) of actual purchases.

#### **Corporate Governance**

The Board of Directors is accountable to Shareholders for the good corporate governance of the Company under the AIM rules for companies. The Company is not required to comply with the UK Corporate Governance Code which has been in force since 29 June 2010. However, the Board is aware of the best practice defined by the Code and has adopted procedures to the extent considered appropriate.

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

#### **Remuneration Committee**

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

#### **Going Concern**

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

#### **Financial Risk Management Objectives**

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

## WYNNSTAY PROPERTIES PLC

### REPORT OF THE DIRECTORS 2013 (continued)

#### **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 Thursday 11th July 2013, is set out on page 33.

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

13th June 2013

**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF WYNNSTAY PROPERTIES PLC**

We have audited the financial statements of Wynnstay Properties Plc for the year ended 25th March 2013 which are set out on pages 13 to 31. 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. 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 auditor's 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 auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 9, 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 (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. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 25th March 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the 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**

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, 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.

*Joanne Allen, Senior Statutory Auditor*

For and on behalf of Moore Stephens LLP, Statutory Auditor

150 Aldersgate Street  
London EC1A 4AB

13th June 2013

**WYNNSTAY PROPERTIES PLC**

**STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 25TH MARCH 2013**

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	Notes	2013	2012
		£'000	£'000
<b>Property Income</b>		<b>1,628</b>	1,503
Property Costs	2	(125)	(182)
Administrative Costs	3	(384)	(389)
		<hr/> <b>1,119</b>	<hr/> 932
Movement in fair value of:			
Investment Properties	9	(937)	(866)
Profit on Sale of Investment Property		<hr/> <b>100</b>	<hr/> 346
<b>Operating Income</b>		<b>282</b>	412
Investment Income	5	1	3
Finance Costs	5	(117)	(123)
<b>Income before Taxation</b>		<b>166</b>	292
Taxation	6	<hr/> (359)	<hr/> (175)
<b>(Loss)/Income after Taxation</b>		<hr/> <b>(193)</b>	<hr/> 117
<b>Basic and diluted earnings per share</b>	8	(7.1p)	4.3p

The company has no items of other comprehensive income.

**WYNNSTAY PROPERTIES PLC**  
**STATEMENT OF FINANCIAL POSITION 25TH MARCH 2013**

	Notes	2013 £'000	2012 £'000
<b>Non Current Assets</b>			
Investment Properties	9	<b>17,700</b>	16,965
Investments	12	<b>3</b>	3
		<b>17,703</b>	16,968
<b>Current Assets</b>			
Accounts Receivable	14	<b>191</b>	319
Cash and Cash Equivalents		<b>571</b>	966
		<b>762</b>	1,285
Non Current Assets held for Sale	13	–	2,324
<b>Current Liabilities</b>			
Accounts Payable	15	<b>(816)</b>	(808)
Bank Loans Payable	16	<b>(5,396)</b>	–
Income Taxes Payable		<b>(380)</b>	(217)
		<b>(6,592)</b>	(1,025)
<b>Net Current (Liabilities)/Assets</b>		<b>(5,830)</b>	2,584
<b>Total Assets Less Current Liabilities</b>		<b>11,873</b>	19,552
<b>Non-Current Liabilities</b>			
Bank Loans Payable	16	–	(7,187)
Deferred Taxation	17	–	(6)
<b>Net Assets</b>		<b>11,873</b>	<b>12,359</b>
<b>Capital and Reserves</b>			
Share Capital	18	<b>789</b>	789
Treasury Shares		<b>(1,570)</b>	(1,570)
Share Premium Account		<b>1,135</b>	1,135
Capital Redemption Reserve		<b>205</b>	205
Retained Earnings		<b>11,314</b>	11,800
		<b>11,873</b>	<b>12,359</b>

Approved by the Board and authorised for issue on 13th June 2013

P.G.H. Collins  
Chairman

T.J.C. Parker  
Finance Director

**WYNNSTAY PROPERTIES PLC**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 25TH MARCH 2013**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cashflow from operating activities</b>		
Income before taxation	<b>166</b>	292
Adjusted for:		
Depreciation	—	6
Allowance for trade receivables	<b>28</b>	—
Decrease in fair value of investment properties	<b>937</b>	866
Interest income	(1)	(3)
Interest expense	<b>117</b>	123
Profit on disposal of investment properties	<b>(109)</b>	(346)
Changes in:		
Trade and other receivables	<b>100</b>	(293)
Trade and other payables	<b>14</b>	51
Income taxes paid	<b>(208)</b>	(248)
Interest paid	<b>(117)</b>	(123)
Net cash from operating activities	<b>936</b>	<b>325</b>
<b>Cashflow from investing activities</b>		
Interest and other income received	1	3
Purchase of investment properties	<b>(1,672)</b>	(1,330)
Sale of investment properties	<b>2,424</b>	1,641
Net cash from investing activities	<b>753</b>	<b>314</b>
<b>Cashflow from financing activities</b>		
Dividends paid	(293)	(286)
Repayments on bank loans	<b>(2,850)</b>	(1,605)
Drawdown on bank loans	<b>1,059</b>	1,337
Net cash from financing activities	<b>(2,084)</b>	<b>(554)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(395)</b>	85
Cash and cash equivalents at beginning of period	<b>966</b>	881
Cash and cash equivalents at end of period	<b>571</b>	<b>966</b>

**WYNNSTAY PROPERTIES PLC**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 25th MARCH 2013**

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**YEAR ENDED 25 MARCH 2013**

	Share Capital £ 000	Capital Redemption Reserve £ 000	Share Premium Account £ 000	Treasury Shares £ 000	Retained Earnings £ 000	Total £ 000
Balance at 26 March 2012	789	205	1,135	(1,570)	11,800	12,359
Total comprehensive income for the year	–	–	–	–	(193)	(193)
Dividends – note 7	–	–	–	–	(293)	(293)
<b>Balance at 25 March 2013</b>	<b>789</b>	<b>205</b>	<b>1,135</b>	<b>(1,570)</b>	<b>11,314</b>	<b>11,873</b>

**YEAR ENDED 25 MARCH 2012**

	Share Capital £ 000	Capital Redemption Reserve £ 000	Share Premium Account £ 000	Treasury Shares £ 000	Retained Earnings £ 000	Total £ 000
Balance at 26 March 2011	789	205	1,135	(1,570)	11,969	12,528
Total comprehensive income for the year	–	–	–	–	117	117
Dividends – note 7	–	–	–	–	(286)	(286)
<b>Balance at 25 March 2012</b>	<b>789</b>	<b>205</b>	<b>1,135</b>	<b>(1,570)</b>	<b>11,800</b>	<b>12,359</b>

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2013

#### 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. The Company's registered number is 00022473.

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

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

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

##### **(a) New Interpretations and Revised Standards Effective for the year ended 25th March 2013**

The Directors have adopted all new and revised standards and interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to the operations and effective for accounting periods beginning on or after 26th March 2013.

##### **(b) Standards and Interpretations in Issue but not yet Effective**

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

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

**IFRS 13: Fair Value Measurement** – The standard outlines a single framework for measuring fair value and the required disclosure thereof when required or permitted by other International Financial Reporting Standards. The standard is unlikely to impact the fair value measurement of assets and liabilities that are currently recognised at fair value, however there will be greater disclosure given.

The standard is effective for accounting periods beginning on or after 1st January 2013.

##### **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 2013

#### **1. ACCOUNTING POLICIES (Continued)**

##### **Investment Properties**

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

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

##### **Depreciation**

In accordance with IAS 40, freehold investment properties are included in the Statement of Financial Position at fair value, and are not depreciated.

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

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

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

##### **Property Income**

Property income represents the value of accrued charges under operating leases for rental of the Company's properties. Revenue is measured at the fair value of the consideration receivable. 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.

The Company provides for deferred tax on investment properties by reference to the tax that would be due on the sale of the investment properties. Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, including deferred tax on the revaluation of investment properties.

##### **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.

## **WYNNSTAY PROPERTIES PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2013**

#### **1. ACCOUNTING POLICIES (Continued)**

##### **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 are subject to an insignificant risk of change in value.

##### **Trade and Other Accounts Payable**

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

##### **Pensions**

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

**WYNNSTAY PROPERTIES PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2013**

<b>2. PROPERTY COSTS</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Rents payable	4	5
Empty rates	7	44
Twickenham costs	1	66
Property management	<u>43</u>	<u>18</u>
	<u>55</u>	<u>133</u>
Legal fees	22	39
Agents fees	20	10
Allowance for trade receivables	<u>28</u>	<u>—</u>
	<u>125</u>	<u>182</u>
<b>3. ADMINISTRATIVE COSTS</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Rents payable – operating lease rentals	18	17
General administration, including staff costs	330	329
Auditors' remuneration: Audit fees	32	32
Tax services	4	5
Depreciation and amortisation	—	6
	<u>384</u>	<u>389</u>
<b>4. STAFF COSTS</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs, including Directors, during the year were as follows:		
Wages and salaries	170	167
Social security costs	22	18
Other pension costs	<u>10</u>	<u>10</u>
	<u>202</u>	<u>195</u>

Details of Directors' emoluments, totalling £180,479 (2012: £180,479), 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 2013**

5. FINANCE COSTS (NET)	2013	2012
	£'000	£'000
Interest payable on bank loans	117	123
Less: Bank interest receivable	(1)	(3)
	<u>116</u>	<u>120</u>
6. TAXATION	2013	2012
	£'000	£'000
(a) Analysis of the tax charge for the year:		
UK Corporation tax at 24% (2012: 26%)	380	225
Deferred tax – temporary differences	(6)	(50)
Overprovision in previous year	(15)	–
Current tax charge for the year	<u>359</u>	<u>175</u>
(b) Factors affecting the tax charge for the year:		
Net Income before taxation	<u>166</u>	<u>292</u>
Current Year:		
Corporation tax thereon at 24% (2012 - 26%)	40	76
Expenses not deductible for tax purposes	7	14
Excess of capital allowances over depreciation	(5)	–
Investment loss on fair value allowable	225	225
Investment gain not taxable	(24)	(90)
Investment gain taxable	<u>137</u>	<u>–</u>
	<u>380</u>	<u>225</u>
7. DIVIDENDS	2013	2012
	£'000	£'000
Final dividend paid in year of 7.6p per share (2012: 7.6p per share)	206	206
Interim dividend paid in year of 3.2p per share (2012: 2.9p per share)	<u>87</u>	<u>80</u>
	<u>293</u>	<u>286</u>

The Board recommends the payment of a final dividend of 7.6p per share, which will be recorded in the Financial Statements for the year ending 25th March 2014.

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2013

#### 8. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing (Loss)/Income after Taxation attributable to Ordinary Shareholders of (£193,000) (2012: income £117,000) by the weighted average number of 2,711,617 (2012: 2,711,617) ordinary shares in issue during the period. There are no instruments in issue that would have the effect of diluting earnings per share.

9. INVESTMENT PROPERTIES	2013	2012
	£'000	£'000
<b>Investment Properties</b>		
Balance at 25th March 2012	<b>19,289</b>	20,120
Additions	<b>1,672</b>	1,330
Disposals	<b>(2,324)</b>	<b>(1,295)</b>
	<b>18,637</b>	20,155
Revaluation Deficit	<b>(937)</b>	<b>(866)</b>
Balance at 25th March 2013	<b>17,700</b>	<b>19,289</b>

Less:

#### **Assets Held for Sale (note 13)**

Balance at 25th March 2012	2,324	1,295
Additions	–	2,324
Disposals	<b>(2,324)</b>	<b>(1,295)</b>
Balance at 25th March 2013	<b>–</b>	<b>2,324</b>
Investment properties at 25th March 2013	<b>17,700</b>	<b>16,965</b>

The Company's freehold investment properties were valued at £17,700,000 by Independent Valuers, Sanderson Weatherall, as at 25th March 2013, in accordance with the RICS Appraisal and Valuation Standards, on the basis of Market Value, defined as:

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

Freehold investment properties, including assets held for sale (Note 13), would have been shown at an historical cost of £16,980,940 (2012: £15,187,400) if revaluations had not been undertaken.

**WYNNSTAY PROPERTIES PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2013**

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

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>		
Balance at 25th March 2012 and 25th March 2013	<u><u>47</u></u>	<u><u>47</u></u>
<b>Depreciation</b>		
Balance at 25th March 2012	<u><u>47</u></u>	41
Charge for the Year	<u>—</u>	<u>6</u>
Balance at 25th March 2013	<u><u>47</u></u>	<u><u>47</u></u>
<b>Net Book Values at 25th March 2012 and 25th March 2013</b>	<u><u>—</u></u>	<u><u>—</u></u>

**11. OPERATING LEASES RECEIVABLE**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
The future minimum lease payments receivable under non-cancellable operating leases which expire:		
Not later than one year	1,366	1,361
Between 2 and 5 years	2,583	2,646
Over 5 years	<u>1,141</u>	<u>144</u>
	<u><u>5,090</u></u>	<u><u>4,151</u></u>

Rental Income recognised in the statement of comprehensive income amounted to £1,628,000 (2012: £1,503,000)

Typically, the properties were let for a term of between 5 and 15 years at a market rent with rent reviews every 5 years. The above maturity analysis reflects future minimum lease payments receivable to the next break clause in the operating lease. 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 2013**

<b>12. INVESTMENTS</b>	<b>2013</b>	<b>2012</b>
	£'000	£'000
Quoted investments	<u>3</u>	<u>3</u>

<b>13. NON CURRENT ASSETS HELD FOR SALE</b>	<b>2013</b>	<b>2012</b>
	£'000	£'000
Investment properties held for sale	<u>—</u>	<u>2,324</u>

In the March 2012 accounts, the company anticipated that it would sell two commercial properties within the current financial year and as a result, these properties were reclassified as held for sale. In May 2012, the Company completed on the sale of a development site at Twickenham; the industrial unit in Alton was sold in August 2012. The Company does not anticipate selling any properties in the next year.

<b>14. ACCOUNTS RECEIVABLE</b>	<b>2013</b>	<b>2012</b>
	£'000	£'000
Trade receivables	<u>182</u>	311
Other receivables	<u>9</u>	<u>8</u>
	<u><b>191</b></u>	<u><b>319</b></u>

Trade receivables include an allowance for bad debts of £28,000 (2012: £nil).

<b>15. ACCOUNTS PAYABLE</b>	<b>2013</b>	<b>2012</b>
	£'000	£'000
Trade payables	<u>125</u>	150
Other creditors	<u>671</u>	624
Accruals and deferred income	<u><b>816</b></u>	<u><b>808</b></u>

<b>16. BANK LOANS PAYABLE</b>	<b>2013</b>	<b>2012</b>
	£'000	£'000
Bank loan: repayable on 17 December 2013	<u>5,396</u>	<u>—</u>
Current position	<u>—</u>	<u>7,187</u>
Non-current position	<u><b>5,396</b></u>	<u><b>7,187</b></u>

Interest is being charged at 1.25% per annum over LIBOR on the loan until 17th December 2013.

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2013

#### **16. BANK LOANS PAYABLE (Continued)**

The loan facility is secured by fixed charges over a number of freehold land and buildings owned by the Company, which at the year end had a combined value of £13,380,000 (2012: £13,443,800). The undrawn element of the loan facility available at 25th March 2013 was £3.1million (2012: £1.3million). Since the loan is repayable on 17th December 2013, the loan is treated as a current liability in these accounts. The Company has received an indicative offer to renew the loan facility for a further five years. The main terms have been agreed in principle with the detailed agreements currently under negotiation.

#### **17. DEFERRED TAX**

The movement in the deferred tax liability during the year is as follows:

	<b>Deferred tax on property revaluation £'000</b>
At 26th March 2012	<b>6</b>
Release of provision for the year	<b>(6)</b>
At 25th March 2013	<b>—</b>

A deferred tax asset of £291,751 (2012: £nil) has not been recognised, as the Directors believe it is unlikely that there will be suitable taxable profits in the foreseeable future from which the future reversal of the underlying timing differences can be deducted.

#### **18. SHARE CAPITAL**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Ordinary Shares of 25p each:		
Authorised	<b>2,000</b>	2,000
Allotted, Called Up and Fully Paid	<b>789</b>	789

All shares rank equally in respect of Shareholder rights.

In March 2010, the company acquired 443,650 Ordinary shares of Wynnstay Properties Plc from Channel Hotels and Properties Ltd at a price of £3.50 per share. These shares, representing in excess of 14% of the total shares in issue, are held in Treasury.

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2013

#### **19. FINANCIAL INSTRUMENTS**

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

At 25th March 2013 the Company's financial instruments comprised borrowings and cash at bank and in hand, with short term receivables and short term payables excluded from IFRS 7. The main purpose of these financial instruments was to raise finance for the Company's operations. Throughout the period under review, the Company has not traded in any other financial instruments and the fair value of the Company's financial assets and liabilities at 25th March 2013 is not materially different from their book value. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

##### **Credit Risk**

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

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

The 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 2013 and 2012, current account and short term deposits were held with two financial institutions, Svenska Handelsbanken AB and C Hoare & Co. Maximum exposure to credit risk on cash and cash equivalents at 25th March 2013 was £571,000 (2012: £966,000).

##### **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 currently 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.

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2013

**19. FINANCIAL INSTRUMENTS (Continued)**

**Interest Rate Sensitivity**

Financial instruments affected by interest rate risk include loan borrowings 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	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Impact on interest payable - gain/(loss)	27	36	(27)	(36)
Impact on interest receivable - (loss)/gain	(3)	(5)	3	5
<b>Total impact on pre tax profit and equity</b>	<b>24</b>	<b>31</b>	<b>(24)</b>	<b>(31)</b>

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

	2013	2012
	£'000	£'000
Floating rate borrowings (bank loans)	(5,396)	(7,187)
Less: cash and cash equivalents	571	966
	<b>(4,825)</b>	<b>(6,221)</b>

**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.

	2013	2013	2012	2012
	Book Value	Fair Value	Book Value	Fair Value
	£'000	£'000	£'000	£'000
Interest bearing borrowings (note 16)	(5,396)	(5,411)	(7,187)	(7,037)
<b>Total</b>	<b>(5,396)</b>	<b>(5,411)</b>	<b>(7,187)</b>	<b>(7,037)</b>

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2013

**19. FINANCIAL INSTRUMENTS (Continued)**

**Categories of Financial Instruments**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Financial assets:		
Quoted investments	3	3
Loans and receivables	191	319
Cash and cash equivalents	<u>571</u>	<u>966</u>
Total financial assets	<u>765</u>	1,288
Non-financial assets	<u>17,700</u>	<u>19,289</u>
<b>Total assets</b>	<b><u>18,465</u></b>	<b><u>20,577</u></b>
Financial liabilities at amortised cost	6,592	8,212
Non-financial liabilities	<u>—</u>	6
Total liabilities	<b>6,592</b>	8,218
Shareholders' equity	<b>11,873</b>	<b>12,359</b>
<b>Total Shareholders' equity and liabilities</b>	<b><u>18,465</u></b>	<b><u>20,577</u></b>

The only financial instruments measured subsequent to initial recognition at fair value as at 25th March are quoted investments. These are included in level 1 in the IFRS 7 hierarchy as they are based on quoted prices in active markets.

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2013

**19. FINANCIAL INSTRUMENTS (Continued)**

**Capital Management**

The primary objectives of the Company's capital management are:

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

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

	<b>2013</b>	<b>2012</b>
	£'000	£'000
Net borrowings and overdraft	<b>5,396</b>	7,187
Cash and cash equivalents	<b>(571)</b>	(966)
Net borrowings	<b>4,825</b>	6,221
Shareholders' equity	<b>11,873</b>	12,359
Investment properties	<b>17,700</b>	19,289
Loan to value ratio	<b>27.3%</b>	32.3%
Net gearing ratio	<b>40.6%</b>	50.3%

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2013

**20. STATEMENT OF CASH FLOWS**

Analysis of Net Debt	25th March		Cash Movement £'000	26th March	
	2013	2012		2012	
	£'000	£'000		£'000	
Cash and cash equivalents	(571)	395	(966)		
Bank loan due after more than one year	5,396	(1,791)	7,187		
Net Debt	<u>4,825</u>	<u>(1,396)</u>	<u>6,221</u>		

**21. COMMITMENTS UNDER OPERATING LEASES**

Future rental commitments at 25th March 2013 under non-cancellable operating leases are as follows:-

	2013 £'000	2012 £'000
Within one year	22	15
Between two to five years	3	7
	<u>25</u>	<u>22</u>

**22. RELATED PARTY TRANSACTIONS**

The Company has entered into an agreement with I.F.M.Consultants Ltd, a company owned and controlled by T.J.C. Parker, a Director of the Company, for that company to provide certain consultancy services. During the year to 25th March 2013, I.F.M. Consultants Ltd was paid £36,648 (2012: £36,648). 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.

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

On 20 May 2013, the company completed the purchase of an industrial estate comprising seven units in Hailsham, East Sussex for £905,000. This was financed from the Company's own resources together with an increase in bank borrowings under our facility of £600,000.

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2013

**24. SEGMENTAL REPORTING**

	Industrial		Retail		Office		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Rental Income</b>	<b>1,068</b>	1,020	<b>195</b>	214	<b>365</b>	269	<b>1,628</b>	1,503
Loss on property investments at fair value	(162)	(866)	(685)	–	(90)	–	(937)	(866)
<b>Total income and gain/(loss)</b>	<b>905</b>	154	<b>(490)</b>	214	<b>275</b>	269	<b>691</b>	637
Property expenses	(125)	(182)	–	–	–	–	(125)	(182)
<b>Segment (loss)/profit</b>	<b>779</b>	(28)	<b>(490)</b>	214	<b>275</b>	269	<b>565</b>	455
Unallocated corporate expenses							(384)	(389)
Profit on sale of investment property	100	267	–	–	–	79	100	346
<b>Operating income</b>							<b>282</b>	412
Interest expense (all relating to property loans)							(117)	(123)
Interest income and other income							1	3
<b>Income before taxation</b>							<b>166</b>	292
Other information	Industrial		Retail		Office		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Segment assets	<b>10,588</b>	13,036	<b>3,275</b>	3,960	<b>3,837</b>	2,293	<b>17,700</b>	19,289
Segment assets held as security	<b>6,268</b>	7,191	<b>3,275</b>	3,960	<b>3,837</b>	2,293	<b>13,380</b>	13,444

**WYNNSTAY PROPERTIES PLC**  
**FIVE YEAR FINANCIAL REVIEW**

	<b>IFRS</b>				
Years Ended 25th March:	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>PROFIT AND LOSS ACCOUNT</b>					
Property Income	<b>1,628</b>	1,503	1,691	1,934	1,874
Profit before movement in fair value of investment properties and taxation	<b>1,103</b>	1,157	886	990	964
Income/(Loss) before Taxation	<b>166</b>	292	661	1,535	(4,457)
(Loss)/Income after Taxation	<b>(193)</b>	117	449	1,168	(3,973)
<b>BALANCE SHEET</b>					
Investment Properties	<b>17,700</b>	19,289	20,120	21,290	20,745
Equity Shareholders' Funds	<b>11,873</b>	12,359	12,538	12,365	13,087
<b>PER SHARE</b>					
Basic earnings	<b>(7.1p)</b>	4.3p	17p	43.1p	(126p)
Dividends paid and proposed	<b>10.8p</b>	10.5p	10.5p	10.5p	10.0p
Net Asset Value - IFRS	<b>438p</b>	456p	462p	456p	414p

WYNNSTAY PROPERTIES PLC

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the one hundred and twenty-seventh 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 Thursday, 11th July 2013, at 12.00 noon to transact the following business which will be proposed as ordinary resolutions.

ORDINARY RESOLUTIONS

1. To adopt the Report of the Directors and the Financial Statements for the year ended 25th March 2013.
2. To declare a final dividend for the year ended 25th March 2013.
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. H. Delevingne, who retires and offers himself for reelection.

Registered Office:  
150 Aldersgate Street  
London EC1A 4AB

By Order of the Board,  
T. J. C. Parker  
Secretary.  
13th June 2013

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 9th July 2013, 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 9th July 2013 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 65, 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. Appointed a Director of Wynnstay Properties in 1988 and elected Chairman in October 1998.

**Paul Williams (Managing Director)** aged 55 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, latterly, a fourteen year period 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 63. 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. Appointed a Director of Wynnstay Properties in June 2002.

**Terence J. Nagle (Senior Independent Non-Executive)** aged 70, 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. Appointed a Director of Wynnstay Properties in October 1998.

**Toby J. C. Parker (Finance Director and Company Secretary)** aged 58, 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. Appointed a Director of Wynnstay Properties in August 2007.







