

# Wynnstay Properties PLC

*Annual Report and Financial Statements  
for the year ended 25 March 2014*



# WYNNSTAY PROPERTIES PLC

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## CHAIRMAN'S STATEMENT REPORT OF THE DIRECTORS and FINANCIAL STATEMENTS YEAR ENDED 25TH MARCH 2014

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

**DIRECTORS**

P.G.H. COLLINS CBE  
(*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  
Balfour House, 46-54 Great Titchfield Street, London W1W 7QA

**REGISTRARS**

CAPITA REGISTRARS LIMITED  
The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU

**BANKERS**

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

SVENSKA HANDELSBANKEN SA  
5 Welbeck Street, London W1G 9YQ

**WYNNSTAY PROPERTIES PLC**  
**SUMMARY OF PROPERTY PORTFOLIO**  
**AT 25TH MARCH 2014**

Aldershot	Eastern Road	1 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	1 Retail Unit
Hailsham	Crown Close Industrial Estate	7 Industrial Units
Heathfield	Station Road	5 Industrial Units
Hertford	Hertingfordbury Road	1 Industrial Unit
Lewes	Brooks Road	2 Retail Warehouse Units
Midhurst	North Street	1 Retail Unit
Norwich	City Trading Estate	6 Industrial Units
St. Neots	Huntingdon Road	6 Industrial Units
Shirley	High Street	1 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 be able to report another year of steady progress for your Company against the background of more optimistic news of the UK economy. We continue to add to the portfolio and to capitalise on the opportunities which arise to retain existing tenants and to attract new ones. At the year-end, the portfolio was fully let.

#### Overview of financial performance

Wynnstay's financial performance for the year may be summarised as follows:

	Change	2014	2013
• Property income	(1.2%)	£1,609,000	£1,628,000
• Profit before movement in fair value of investment properties and taxation	(8.3%)	£1,011,000	£1,103,000
• Earnings per share		34.9p	(7.1p)
• Dividends per share, paid and proposed	+9.3%	11.8p	10.8p
• Net asset value per share	+5.3%	461p	438p
• Net gearing	+2.0%	41.4%	40.6%

Property income for the year, at just over £1.6 million, was at a similar level to last year, albeit reflecting a number of underlying changes arising from the active management of the portfolio. Profits before fair value movement and taxation for the year, at just over £1 million were slightly lower than in the prior year as a result of additional administrative costs noted below.

Our annual property revaluation delivered an increase over the value for the prior year and the resulting surplus of £170,000 has contributed, along with retained earnings and the profit on the property disposal noted below, to an increase of over 5% in net asset value per share.

#### Property Management and Portfolio

It has been another very active year in the management of the portfolio. We currently have 53 tenants occupying over 70 separate properties on 66 leases in 18 locations. During the course of the year we renewed or extended the existing leases of 8 tenants and welcomed 3 new ones.

I noted two significant management achievements when I reported to you in November: the extension until 2018 of the lease of our office premises at Cosham to a Government Department and the granting of a new ten year lease to a national retail business of a vacant unit at Hertford. I reported on other changes in November and since then we have also extended the lease of one of the industrial units at Heathfield, renewed another lease at Norwich and granted a lease to a new business on one of our retail units in Colchester, which was vacated by a longstanding tenant in January 2014.

During the year, there have been two noteworthy changes in the portfolio. As I reported in my last annual Chairman's Statement, early in the financial year we acquired Crown Close Industrial Estate in Hailsham, West Sussex details of which are set out in that statement. Secondly, as foreshadowed in my statement in November, we have successfully sold the other vacant unit at Hertford to an owner-occupier at a price that was 17% above the net book value.

A number of potential acquisitions have been explored and I am pleased to report that shortly after the end of the year we agreed and completed the purchase of a freehold trade counter investment to the east of the centre of

## WYNNSTAY PROPERTIES PLC

### CHAIRMAN'S STATEMENT (continued)

Ipswich, in close proximity to the Neptune Marina development and residential development areas. The five units comprising 18,300 square feet are fully let to three tenants, one being part of a national chain and the two others being regional businesses. The total passing rent is £86,500 and with the price paid of £1,037,500, the net initial yield is 7.9%. This acquisition, having been made after the year-end, is not reflected in these financial statements.

#### **Portfolio Valuation**

As at 25 March 2014, our Independent Valuers, Sanderson Weatherall, have undertaken the annual valuation of the company's portfolio at £18,515,000 representing, as mentioned above, a revaluation increase of £170,000. The Board consider this to be a satisfactory outcome and it is particularly pleasing to note a modest increase in the value of our most recent acquisitions at Hailsham, Lewes and Surbiton.

Following the revaluation, as at the year-end, the industrial sector within the portfolio accounted for 62% by value, with the retail and office elements comprising 18% and 20% respectively.

#### **Borrowings and Gearing**

Total borrowings at the year-end were £6.0 million (2013: £5.4 million) and net gearing at the year-end was 41.4% compared to 40.6% last year. The increased borrowings reflect the drawdown under our borrowing facility made to facilitate the purchase of our Hailsham property in May 2013.

As you may recall, the five-year term of our borrowing facility of £8.5 million with Svenska Handelsbanken expired in December 2013. In December, we signed a new five year facility of £10 million, the main terms of which are broadly the same as those under the previous facility, other than an increase in the margin to 2.65% and an increase in the non-utilization fee to 1%. This higher margin, coupled with the increase in borrowings mentioned above, is reflected in higher financing costs for the year compared to the prior year.

While interest rates will undoubtedly rise as the economic recovery becomes established, starting perhaps later in the year, they are currently not forecast by experts to return to the historic levels of the pre-financial crisis period.

#### **Costs**

Our property costs this year were less than in the prior year, mainly due to the saving in the payment of business rates on vacant premises in the year. Administrative costs are higher than in the previous year, as we incurred some professional fees in examining the formalities of raising further equity finance from shareholders. These fees have been fully accrued for in these accounts, as the Board's current intention is only to progress this further, if conditions are then appropriate, once it appears that the new borrowing facility will be fully utilised.

#### **Dividend**

The Board is recommending a total dividend for the year of 11.8p per share being an increase over the 10.8p paid in the last year. An increased interim dividend of 4.2p per share was paid in December 2013 and the Board has considered carefully whether the final dividend for the year should also be increased, but has decided against doing so. Accordingly, subject to approval of Shareholders at the Annual General Meeting, a final dividend of 7.6p per share will be paid on 18th July 2014 to Shareholders on the register on 27th June 2014.

However, assuming favourable conditions at the end of the half-year, the Board will again consider increasing the interim dividend for payment in December 2014, with a view to aligning further the overall balance between the interim and final dividends.

## WYNNSTAY PROPERTIES PLC

### CHAIRMAN'S STATEMENT (continued)

#### **Outlook**

As mentioned in the opening paragraph of this statement, there appears now to be greater optimism about the UK economy than has been the case for more than six years. The economic outlook, and particularly the prospects for small and medium-sized businesses, inevitably affects the value of the commercial property in which we invest and the terms that can be agreed with tenants. If this improvement in optimism and outlook is sustained it should lead to a return to rental growth which will in turn result in a further increase in the value of your Company's portfolio.

As the UK emerges from the difficult economic conditions of recent years, Wynnstay is in good shape and, in the Board's view, continues to offer opportunities for profitable growth. We will continue to make changes to enhance the value of the portfolio as and when opportunities to do so arise.

#### **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 sent to all Shareholders in January this year (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 10th July 2014. As always, I hope that as many Shareholders as possible will attend to meet the Board and other Shareholders informally before and after the meeting to discuss the Company's affairs as well as to take part in the formal business.

#### **Colleagues and Advisers**

Finally I would like to express my appreciation for the contributions of our two executive directors – Paul Williams, our Managing Director, and Toby Parker, our Finance Director – who manage Wynnstay's affairs efficiently and effectively, as well as with flair and determination. The two executive directors and I, as your Chairman, also benefit from the long experience in commercial property 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 contributions over the past year.



Philip G.H. Collins  
*Chairman*

16th June 2014

## WYNNSTAY PROPERTIES PLC

### REPORT OF THE DIRECTORS 2014

The Directors present their One Hundred and Twenty-eighth Annual Report, together with the audited Financial Statements of the Company for the year ended 25th March 2014.

Please refer to the Strategic Report on pages 10 to 11 for the names of directors, activities and the likely future developments of the Company and a discussion of the risks and uncertainties. Please refer to note 18 of the financial statements for further disclosure of the financial risks.

#### **Profit for the Year**

The profit for the year after taxation amounted to £946,000 (2013: loss £193,000). Details of movements in reserves are set out in the statement of changes in equity on page 16.

#### **Events Since the End of the Year**

On 29th April 2014, the Company completed the purchase of an 18,300 sq ft trade counter investment in Ipswich at a cost of £1,037,500 with a passing rent of £86,500 representing a net initial yield of 7.9%. This was financed by drawing down funds available under our borrowing facility.

#### **Dividends**

The Directors have decided to recommend a final dividend of 7.6 pence per share for the year ended 25th March 2014 payable on 18th July 2014 to those shareholders on the register on 27th June 2014. This dividend, together with the interim dividend of 4.2 pence paid on 10th December 2013, represents a total for the year of 11.8 pence (2013 – 10.8 pence).

#### **Statement of Directors' Responsibilities**

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

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

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

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

## WYNNSTAY PROPERTIES PLC

### REPORT OF THE DIRECTORS 2014 (continued)

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

#### **Directors' and Officers' Liability Insurance**

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

#### **Substantial Interests**

As at 16 June 2014, 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 2014</b>	<b>Percentage of Issued Share Capital 2013</b>
Mr P.G.H. Collins	850,836	31.38%	31.38%
Mr D. Gibson	302,618	11.16%	11.16%

#### **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 and therefore does not 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.

## WYNNSTAY PROPERTIES PLC

### REPORT OF THE DIRECTORS 2014 (continued)

#### **Remuneration Committee**

The Board currently acts as the remuneration committee, the details of the Directors' emoluments being set out in the Strategic Report. 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.

#### **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.

#### **Annual General Meeting**

The Notice of the Annual General Meeting, to be held on Thursday 10th July 2014, is set out on page 33.

By Order of the Board,

T.J.C. Parker

*Secretary*

16th June 2014

## WYNNSTAY PROPERTIES PLC

### STRATEGIC REPORT 2014

#### **Principal Activity**

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

#### **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 reduction in rental income of 1.2% (2013: growth of 8.3%).
- The growth in value of the investment portfolio, on a like for like basis, was 0.8% (2013: reduction of 5.5%).

The directors will continue to search for profitable investment opportunities, and make changes to enhance the value of the portfolio as and when such opportunities arise.

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. The company's risk management objectives can be found at note 18 of the financial statements.

#### **Investment Properties**

The investment properties have been valued by Sanderson Weatherall on the basis of Market Value at 25th March 2014. The movement in investment properties is set out in Note 9 on page 22.

#### **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 2014 and 25th March 2013 are shown below:

		<b>Ordinary Shares of 25p</b>	
		<b>25.3.14</b>	<b>25.3.13</b>
P.G.H. Collins	Non-Executive Chairman	<b>850,836</b>	850,836
C.P. Williams	Managing Director	<b>9,412</b>	—
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>6,750</b>	—

The interests shown above in respect of Mr. P.G.H. Collins include non-beneficial interests of 217,983 shares at 25th March 2014 and 2013.

## WYNNSTAY PROPERTIES PLC

### STRATEGIC REPORT 2014 (continued)

#### Directors (continued)

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

In accordance with the Company's Articles of Association, Mr. T.J. Nagle 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 2014 are set out below:-

	<u>Salaries</u>	<u>Fees</u>	<u>Pension</u>	<u>Benefits</u>	<b>Total</b>	Total
					<b>2014</b>	<b>2013</b>
P.G.H. Collins	–	31,001	–	–	31,001	29,525
C.P. Williams	101,588	11,090	10,159	2,285	125,122	119,268
C.H. Delevingne	–	11,090	–	–	11,090	10,562
T.J. Nagle	–	11,090	–	–	11,090	10,562
T.J.C.Parker	–	11,090	–	–	11,090	10,562
<b>Total 2014</b>	<b><u>£101,588</u></b>	<b><u>£75,361</u></b>	<b><u>£10,159</u></b>	<b><u>£2,285</u></b>	<b><u>£189,393</u></b>	
Total 2013	<u>£96,750</u>	<u>£71,773</u>	<u>£9,675</u>	<u>£2,281</u>		<u>£180,479</u>

I.F.M. Consultants Limited, a company owned and controlled by Mr T.J.C. Parker, was paid a fee of £38,480 (2013: £36,648) for services rendered during the year (see note 21).

This Strategic Report was approved by the Board and signed on its behalf by:

T.J.C. Parker  
*Director*

16th June 2014

**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 2014 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 7, 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate) .

**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 2014 and of its profit 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 and the Strategic 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

16th June 2014

**WYNNSTAY PROPERTIES PLC**

**STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 25TH MARCH 2014**

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	Notes	2014	2013
		£'000	£'000
<b>Property Income</b>		<b>1,609</b>	1,628
Property Costs	2	(79)	(125)
Administrative Costs	3	(443)	(384)
		<hr/> <b>1,087</b>	<hr/> 1,119
Movement in fair value of:			
Investment Properties	9	<b>170</b>	(937)
Profit on Sale of Investment Property		<b>52</b>	100
<b>Operating Income</b>		<hr/> <b>1,309</b>	282
Investment Income	5	<b>1</b>	1
Finance Costs	5	(129)	(117)
<b>Income before Taxation</b>		<hr/> <b>1,181</b>	166
Taxation	6	<hr/> (235)	<hr/> (359)
<b>Income/(Loss) after Taxation</b>		<hr/> <b>946</b>	<hr/> (193)
<b>Basic and diluted earnings per share</b>	8	<b>34.9p</b>	(7.1p)

The company has no items of other comprehensive income.

**WYNNSTAY PROPERTIES PLC**  
**STATEMENT OF FINANCIAL POSITION 25TH MARCH 2014**

	Notes	2014 £'000	2013 £'000
<b>Non Current Assets</b>			
Investment Properties	9	<b>18,515</b>	17,700
Investments	12	<b>3</b>	3
		<b>18,518</b>	17,703
<b>Current Assets</b>			
Accounts Receivable	13	<b>267</b>	191
Cash and Cash Equivalents		<b>776</b>	571
		<b>1,043</b>	762
<b>Current Liabilities</b>			
Accounts Payable	14	<b>(876)</b>	(816)
Bank Loans Payable	15	<b>–</b>	(5,396)
Income Taxes Payable		<b>(235)</b>	(380)
		<b>(1,111)</b>	(6,592)
<b>Net Current Liabilities</b>		<b>(68)</b>	(5,830)
<b>Total Assets Less Current Liabilities</b>		<b>18,450</b>	11,873
<b>Non-Current Liabilities</b>			
Bank Loans Payable	15	<b>(5,951)</b>	–
<b>Net Assets</b>		<b>12,499</b>	<b>11,873</b>
<b>Capital and Reserves</b>			
Share Capital	17	<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>11,940</b>	11,314
		<b>12,499</b>	<b>11,873</b>

Approved by the Board and authorised for issue on 16th June 2014

P.G.H. Collins  
Chairman

T.J.C. Parker  
Finance Director

**WYNNSTAY PROPERTIES PLC**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 25TH MARCH 2014**

	<b>2014</b>	<b>2013</b>
	£'000	£'000
<b>Cashflow from operating activities</b>		
Income before taxation	1,181	166
Adjusted for:		
Amortisation of deferred finance costs	3	–
Allowance for trade receivables	–	28
(Increase)/decrease in fair value of investment properties	(170)	937
Interest income	(1)	(1)
Interest expense	129	117
Profit on disposal of investment properties	(52)	(100)
Changes in:		
Trade and other receivables	(93)	100
Trade and other payables	31	14
Income taxes paid	(380)	(208)
Interest paid	(129)	(117)
Net cash from operating activities	<b>519</b>	<b>936</b>
<b>Cashflow from investing activities</b>		
Interest and other income received	1	1
Purchase of investment properties	(945)	(1,672)
Sale of investment properties	352	2,424
Net cash from investing activities	<b>(592)</b>	<b>753</b>
<b>Cashflow from financing activities</b>		
Dividends paid	(320)	(293)
Repayments on bank loans	(5,998)	(2,850)
Drawdown on bank loans	6,596	1,059
Net cash from financing activities	<b>278</b>	<b>(2,084)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>205</b>	<b>(395)</b>
Cash and cash equivalents at beginning of period	571	966
Cash and cash equivalents at end of period	<b>776</b>	<b>571</b>

**WYNNSTAY PROPERTIES PLC**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 25th MARCH 2014**

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**YEAR ENDED 25 MARCH 2014**

	Share Capital £ 000	Capital Redemption Reserve £ 000	Share Premium Account £ 000	Treasury Shares £ 000	Retained Earnings £ 000	Total £ 000
Balance at 26 March 2013	789	205	1,135	(1,570)	11,314	11,873
Total comprehensive income for the year	–	–	–	–	946	946
Dividends – note 7	–	–	–	–	(320)	(320)
<b>Balance at 25 March 2014</b>	<b>789</b>	<b>205</b>	<b>1,135</b>	<b>(1,570)</b>	<b>11,940</b>	<b>12,499</b>

**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 loss 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>

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2014

#### 1. BASIS OF PREPARATION, ACCOUNTING POLICIES AND ESTIMATES

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.

##### 1.1 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 2014

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 an existing standard.

##### *IFRS 9: Financial Instruments*

The standard makes substantial changes to the recognition and measurement of financial assets and liabilities and derecognition of financial assets. In the future, there will only be two categories of financial assets, although there are current proposals in issue to increase these to three. Under the current issue, financial assets are recognised at either fair value through profit and loss or measured at amortised cost. On adoption of the standard, the Company will have to redetermine the classification of its financial assets, specifically those classified as available for sale and held to maturity financial assets. Most financial liabilities will continue to be carried at amortised cost, however, some financial liabilities will require to be measured at fair value through profit or loss, for example derivative financial instruments, with changes in the liabilities' credit risk recognised in other comprehensive income.

The standard currently has no mandatory effective date.

#### 1.2 ACCOUNTING POLICIES

##### **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.

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2014

#### **1.2 ACCOUNTING POLICIES (Continued)**

##### **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 profit or loss in the year of disposal.

##### **Property Income**

Property income is recognised on a straight line basis over the period of the lease. 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 to profit or loss, including deferred tax on the revaluation of investment property.

##### **Trade and Other Accounts Receivable**

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

##### **Cash and Cash Equivalents**

Cash comprises cash at bank and on demand deposits. Cash equivalents are short term (less than three months from inception), repayable on demand and 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.

## **WYNNSTAY PROPERTIES PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2014**

#### **1.2 ACCOUNTING POLICIES (Continued)**

##### **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.

##### **Borrowings**

Interest rate borrowings are recognised at fair value, being proceeds received less any distributable transaction costs. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### **1.3 Key Sources of Estimation Uncertainty and Judgements**

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.

There are no judgemental areas identified by management that could have a material effect on the financial statements at the reporting date.

## WYNNSTAY PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2014

Details of Directors' emoluments, totaling £189,393 (2013: £180,479), are shown in the Strategic Report on page 11. There are no other key management personnel.

	No.	No.
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 2014**

<b>5. FINANCE COSTS (NET)</b>	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable on bank loans	129	117
Less: Bank interest receivable	(1)	(1)
	<b><u>128</u></b>	<b><u>116</u></b>
<b>6. TAXATION</b>	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
(a) Analysis of the tax charge for the year:		
UK Corporation tax at 23% (2013: 24%)	235	380
Overprovision in previous year	—	(15)
Total current tax charge	<b><u>235</u></b>	<b><u>365</u></b>
Deferred tax – temporary differences	—	(6)
Tax charge for the year	<b><u>235</u></b>	<b><u>359</u></b>
(b) Factors affecting the tax charge for the year:		
Net Income before taxation	<b><u>1,181</u></b>	<b><u>166</u></b>
Current Year:		
Corporation tax thereon at 23% (2013 - 24%)	272	40
Expenses not deductible for tax purposes	18	7
Excess of capital allowances over depreciation	(3)	(5)
Investment (gain)/loss on fair value allowable	(39)	225
Investment gain not taxable	(13)	(24)
Investment gain taxable	—	137
Overprovision in previous year	—	(15)
Deferred tax	—	(6)
Current tax charge	<b><u>235</u></b>	<b><u>359</u></b>
<b>7. DIVIDENDS</b>	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Final dividend paid in year of 7.6p per share (2013: 7.6p per share)	206	206
Interim dividend paid in year of 4.2p per share (2013: 3.2p per share)	114	87
	<b><u>320</u></b>	<b><u>293</u></b>

The Board recommends the payment of a final dividend of 7.6p per share, which will be recorded in the Financial Statements for the year ending 25th March 2015.

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2014

#### 8. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing Income after Taxation attributable to Ordinary Shareholders of £946,000 (2013: loss £193,000) by the weighted average number of 2,711,617 (2013: 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	2014	2013
	£'000	£'000
<b>Investment Properties</b>		
Balance at 25th March 2013	<b>17,700</b>	19,289
Additions	<b>945</b>	1,672
Disposals	<b>(300)</b>	<b>(2,324)</b>
	<b>18,345</b>	18,637
Revaluation Surplus/ (Deficit)	<b>170</b>	<b>(937)</b>
Balance at 25th March 2014	<b>18,515</b>	<b>17,700</b>

Less:

#### **Assets Held for Sale**

Balance at 25th March 2013	–	2,324
Disposals	–	<b>(2,324)</b>
Balance at 25th March 2014	<b>18,515</b>	–
Investment properties at 25th March 2014	<b>18,515</b>	<b>17,700</b>

The Company's freehold investment properties are carried at fair value as at 25th March 2014. The fair value of the properties has been calculated by independent valuers, Sanderson Weatherall, 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.”

These recurring fair value measurements for non-financial assets use inputs that are not based on observable market data, and therefore fall within level 3 of the fair value hierarchy.

The significant unobservable market data used is property yields which range from 6% to 11%, with an average yield of 8.44% and an average weighted yield of 5.56% for the portfolio.

There have been no transfers between levels of the fair value hierarchy.

Movements in the fair value are recognised in profit or loss.

A 0.5% increase or decrease in the yield would result in a corresponding increase or decrease of £92,575 in the fair value movement through profit or loss.

**WYNNSTAY PROPERTIES PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2014**

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

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>		
Balance at 25th March 2013 and 25th March 2014	<u><u>47</u></u>	<u><u>47</u></u>
<b>Depreciation</b>		
Balance at 25th March 2013	<u><u>47</u></u>	41
Charge for the Year	<u>—</u>	<u>6</u>
Balance at 25th March 2014	<u><u>47</u></u>	<u><u>47</u></u>
<b>Net Book Values at 25th March 2013 and 25th March 2014</b>	<u><u>—</u></u>	<u><u>—</u></u>

**11. OPERATING LEASES RECEIVABLE**

	<b>2014</b>	<b>2013</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	<u><u>1,494</u></u>	1,366
Between 2 and 5 years	<u><u>2,922</u></u>	2,583
Over 5 years	<u><u>1,102</u></u>	1,141
	<u><u>5,518</u></u>	<u><u>5,090</u></u>

Rental income recognised in the profit or loss amounted to £1,609,000 (2013: £1,628,000).

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 2014**

<b>12. INVESTMENTS</b>	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Quoted investments	<u>3</u>	<u>3</u>
<b>13. ACCOUNTS RECEIVABLE</b>	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Trade receivables	<u>264</u>	182
Other receivables	<u>3</u>	9
	<u>267</u>	<u>191</u>

Trade receivables include an allowance for bad debts of £28,000 (2013: £28,000). Trade receivables of £18,000 (2013: £8,000) are considered past due but not impaired.

<b>14. ACCOUNTS PAYABLE</b>	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Trade payables	<u>40</u>	20
Other creditors	<u>163</u>	125
Accruals and deferred income	<u>673</u>	671
	<u>876</u>	<u>816</u>

<b>15. BANK LOANS PAYABLE</b>	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Current position	<u>–</u>	5,396
Non-current position	<u>5,998</u>	–
less: deferred finance costs	<u>(47)</u>	–
	<u>5,951</u>	<u>5,396</u>

The bank loan was re-financed in the year providing a credit facility of up to £10 million. Interest was charged at 1.25% per annum over LIBOR on funds drawn down until 17th December 2013 and at 2.65% per annum over LIBOR thereafter.

The loan is repayable in one instalment on 18 December 2018. The bank loan includes the following financial covenants:

- Rental income shall not be less than 2.25 times the interest costs
- The bank loan shall at no time exceed 50% of the market value of the properties secured.

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2014

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

The borrowing 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 £17,155,000 (2013: £13,380,000). The undrawn element of the borrowing facility available at 25th March 2014 was £4.0million (2013: £3.1million). A commitment fee of 1% per annum is payable on the undrawn amount. In the accounts for the year ended 25th March 2013, as the borrowing facility expired and the funds drawn down were repayable on 17th December 2013, it was treated as a current liability.

#### **16. DEFERRED TAX**

A deferred tax asset of £250,286 (2013: £291,751) 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.

17. SHARE CAPITAL	2014	2013
	£'000	£'000
Authorised		
8,000,000 ordinary Shares of 25p each:		
Allotted, Called Up and Fully Paid	<u>2,000</u>	2,000
3,155,267 ordinary shares of 25p each	<u>789</u>	<u>789</u>

All shares rank equally in respect of Shareholder rights.

In March 2010, the company acquired 443,650 Ordinary shares of Wynnstay Properties Plc from Channel Hotels and Properties Ltd at a price of £3.50 per share. 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 2014

#### **18. FINANCIAL INSTRUMENTS**

The objective of the Company's policies is to manage the Company's financial risk, secure cost effective funding for the Company's operations and 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 2014 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 2014 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 are 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 2014 and 2013, 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 2014 was £776,000 (2013: £571,000).

#### **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 2014

**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	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Impact on interest payable - gain/(loss)	30	27	(30)	(27)
Impact on interest receivable - (loss)/gain	(4)	(3)	4	3
<b>Total impact on pre tax profit and equity</b>	<b>26</b>	<b>24</b>	<b>(26)</b>	<b>(24)</b>

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

	2014	2013
	£'000	£'000
Floating rate borrowings (bank loans)	(5,998)	(5,396)
Less: cash and cash equivalents	776	571
	<b>(5,222)</b>	<b>(4,825)</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.

	2014	2014	2013	2013
	Book Value	Fair Value	Book Value	Fair Value
	£'000	£'000	£'000	£'000
Interest bearing borrowings (note 15)	(5,951)	(5,998)	(5,396)	(5,411)
<b>Total</b>	<b>(5,951)</b>	<b>(5,998)</b>	<b>(5,396)</b>	<b>(5,411)</b>

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2014

**18. FINANCIAL INSTRUMENTS (Continued)**

**Categories of Financial Instruments**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Financial assets:		
Quoted investments	3	3
Loans and receivables	267	191
Cash and cash equivalents	<u>776</u>	<u>571</u>
Total financial assets	<u>1,046</u>	765
Non-financial assets	<u>18,515</u>	<u>17,700</u>
<b>Total assets</b>	<b><u>19,561</u></b>	<b><u>18,465</u></b>
Financial liabilities at amortised cost	<u>7,062</u>	<u>6,592</u>
Total liabilities	<u>7,062</u>	6,592
Shareholders' equity	<u>12,499</u>	<u>11,873</u>
<b>Total shareholders' equity and liabilities</b>	<b><u>19,530</u></b>	<b><u>18,465</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 2014

**18. 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 50% and the gearing ratio should not exceed 100%.

	<b>2014</b>	<b>2013</b>
	£'000	£'000
Net borrowings and overdraft	<b>5,951</b>	5,396
Cash and cash equivalents	<b>(776)</b>	(571)
Net borrowings	<b>5,175</b>	4,825
Shareholders' equity	<b>12,499</b>	11,873
Investment properties	<b>18,515</b>	17,700
Loan to value ratio	<b>28.0%</b>	27.3%
Net gearing ratio	<b>41.4%</b>	40.6%

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2014

**19. STATEMENT OF CASH FLOWS**

Analysis of Net Debt	25th March		Cash Movement £'000	26th March	
	2014	2013		2013	
	£'000	£'000		£'000	
Cash and cash equivalents	(776)	(205)	(571)		
Bank loan	5,998	602	5,396		
Net Debt	<u>5,222</u>	<u>397</u>	<u>4,825</u>		

**20. COMMITMENTS UNDER OPERATING LEASES**

Future rental commitments at 25th March 2014 under non-cancellable operating leases are as follows:-

	2014 £'000	2013 £'000
Within one year	19	22
Between two to five years	24	3
	<u>43</u>	<u>25</u>

**21. RELATED PARTY TRANSACTIONS**

The Company has entered into an agreement with I.F.M. Consultants Ltd, a company owned and controlled by T.J.C. Parker, a Director of the Company, for that company to provide certain consultancy services. During the year to 25th March 2014, I.F.M. Consultants Ltd was paid £38,480 (2013: £36,648). There were no other related party transactions other than with the Directors, which have been disclosed under Directors' Emoluments in the Strategic Report on page 11. As of 26th March 2014, the Company terminated its agreement with I.F.M. Consultants Ltd and entered into a new agreement with T.J.C. Consultants Ltd, a company owned and controlled by T.J.C. Parker.

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

On 29th April 2014, the Company completed the purchase of an 18,300 sq ft trade counter investment in Ipswich at a cost of £1,037,500 with a passing rent of £86,500 representing a net initial yield of 7.9%. This was financed by drawing down funds available under our borrowing facility.

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2014

**23. SEGMENTAL REPORTING**

	Industrial		Retail		Office		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Rental Income</b>	<b>1,107</b>	1,068	<b>163</b>	195	<b>339</b>	365	<b>1,609</b>	1,628
Profit/(loss) on property investments at fair value	230	(163)	25	(685)	(85)	(90)	170	(937)
Total income and gain/(loss)	<b>1,337</b>	906	<b>188</b>	(490)	<b>254</b>	275	<b>1,779</b>	691
Property expenses	(79)	(125)	—	—	—	—	(79)	(125)
<b>Segment profit/(loss)</b>	<b>1,258</b>	781	<b>188</b>	(490)	<b>254</b>	275	<b>1,700</b>	566
Unallocated corporate expenses							(443)	(384)
Profit on sale of investment property	52	100	—	—	—	—	52	100
<b>Operating income</b>							<b>1,309</b>	282
Interest expense (all relating to property loans)							(129)	(117)
Interest income and other income							1	1
<b>Income before taxation</b>							<b>1,181</b>	166

Other information	Industrial		Retail		Office		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Segment assets	<b>11,462</b>	10,588	<b>3,300</b>	3,275	<b>3,753</b>	3,837	<b>18,515</b>	17,700
Segment assets held as security	<b>6,143</b>	6,268	<b>3,300</b>	3,275	<b>3,753</b>	3,837	<b>13,196</b>	13,380

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

	<b>IFRS</b>				
Years Ended 25th March:	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</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>1,609</b>	1,628	1,503	1,691	1,934
Profit before movement in fair value of investment properties and taxation	<b>1,011</b>	1,103	1,157	886	990
Income before Taxation	<b>1,181</b>	166	292	661	1,535
Income/(Loss) after Taxation	<b>946</b>	(193)	117	449	1,168
<b>BALANCE SHEET</b>					
Investment Properties	<b>18,515</b>	17,700	19,289	20,120	21,290
Equity Shareholders' Funds	<b>12,499</b>	11,873	12,359	12,538	12,365
<b>PER SHARE</b>					
Basic earnings	<b>34.9p</b>	(7.1p)	4.3p	17p	43.1p
Dividends paid and proposed	<b>11.8p</b>	10.8p	10.5p	10.5p	10.5p
Net Asset Value - IFRS	<b>461p</b>	438p	456p	462p	456p

WYNNSTAY PROPERTIES PLC

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the one hundred and twenty-eighth 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, 10th July 2014, 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 2014.
2. To declare a final dividend for the year ended 25th March 2014.
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 T.J. Nagle, 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.  
16th June 2014

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 8th July 2014, 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 8th July 2014 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 CBE (Non-Executive Chairman)** aged 66, is a Solicitor and was Chairman of the Office of Fair Trading from 2005 to 2014. He was awarded the CBE in the New Year's Honours List 2014 for services to the competition and consumer protection regimes. He was formerly 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 56 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 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 64. 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 71, 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 59, 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.







