

# Wynnstay Properties PLC

*Annual Report and Financial Statements  
for the year ended 25 March 2015*



# WYNNSTAY PROPERTIES PLC

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## CHAIRMAN'S STATEMENT REPORT OF THE DIRECTORS and FINANCIAL STATEMENTS YEAR ENDED 25TH MARCH 2015

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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**

BNP PARIBAS REAL ESTATE ADVISORY &  
PROPERTY MANAGEMENT UK LIMITED  
5 Aldermanbury Square, London EC2V 7BP

**REGISTRARS**

CAPITA ASSET SERVICES  
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 2015**

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
Ipswich	Trinity Street	5 Retail Units
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
Weston-super-Mare	Phillips Road	1 Retail Unit

All the above properties are Freehold.

## WYNNSTAY PROPERTIES PLC

### CHAIRMAN'S STATEMENT

On behalf of the Board, I am delighted to report on another encouraging year for Wynnstay. We have ended the year with the portfolio being virtually fully-let and benefitting from an enhanced lease profile, with the annual revaluation producing a significant increase over the prior year and with net asset value per share rising substantially. We made two additions to the portfolio during the financial year and, since the year-end, we have exchanged contracts to make a further substantial acquisition.

#### Overview of financial performance

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

	Change	2015	2014
• Property income	<b>3.4%</b>	£1,663,000	£1,609,000
• Profit before movement in fair value of investment properties and taxation	<b>(11.1%)</b>	£899,000	£1,011,000
• Earnings per share		81.8p	34.9p
• Dividends per share, paid and proposed	<b>4.2%</b>	12.3p	11.8p
• Net asset value per share	<b>15.2%</b>	531p	461p
• Net gearing		45.7%	41.4%

Property income for the year, at just over £1.66 million, was slightly higher than last year, 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 under £900,000 were slightly lower than in the prior year largely due to higher overall finance costs.

Our annual property revaluation delivered an increase over the value for the prior year and the resulting surplus of £1,530,000 has contributed to an increase of over 15% in net asset value per share.

#### Property Management and Portfolio

Wynnstay currently has a geographically dispersed portfolio focussed in various towns in the South and East of England with 59 tenants occupying over 71 separate properties in 19 locations. At the end of the financial year, the portfolio was virtually fully-let, with just one small vacant unit at our Quarry Wood Industrial Estate in Aylesford.

A considerable proportion of our tenants have been in occupation for many years; some tenants have joined us more recently. We aim to build strong, constructive relationships with our tenants and to meet their changing property needs, for instance by enlargement or reduction in space required, by undertaking alterations and improvements to the properties or by varying lease terms, where these are commercially practicable and beneficial.

During the course of the year, we have agreed lease renewals or extensions of leases with 8 tenants in 4 locations and have welcomed 7 new tenants. I reported on a number of these when I wrote to you in November 2014 with the interim results. Since then, we have also agreed new leases or lease extensions on one unit at Hailsham and on two units at St Neots and we have agreed lease variations that defer tenant breaks on two units at Basingstoke. However, the main focus in the second half of the year has been on our estate in Aylesford and on our property at Chessington.

At Aylesford, we are in the course of negotiations with a number of our existing tenants with a view to facilitating moves within the estate to accommodate their requirements which should lead to lease extensions or new leases on a number of units. I anticipate that these negotiations will be completed shortly and I will report to you further with our interim results in November.

## WYNNSTAY PROPERTIES PLC

### CHAIRMAN'S STATEMENT (continued)

The tenant of two of our units at Chessington vacated at the year-end following the disposal of that part of their business occupying these premises. I am pleased to report that we negotiated a satisfactory cash settlement with them regarding the dilapidations that needed to be undertaken. The units are being actively marketed and there has been some interest, but it is too early to say whether this will lead to successful lettings. In the meantime, we are carrying out an extensive refurbishment of the property funded by the monies received from the outgoing tenant. I hope that there will be progress to report to you at the time of our interim results in November.

In addition to the trade counter acquisition in Ipswich on which I reported to you in my statement last year, we also acquired towards the end of the financial year a freehold retail warehouse unit with car parking in an established out-of-town location in Weston-super-Mare, Somerset. This is occupied by Majestic Wine on a full repairing and insuring lease until October 2020 at an annual rent of £41,500 subject to an upward only review. The price of £625,000 provides, after costs, a net initial yield of 6.3%.

Shortly after the end of the financial year, we entered into negotiations to acquire off-market an industrial estate in Hampshire and I am pleased to report that contracts have recently been exchanged, with completion due in the near future. The acquisition price of £2.6 million will be funded from our borrowing facility and our cash resources. Further details will be provided with the interim results in November and in our Accounts for the current year in due course.

#### **Portfolio Valuation**

As at 25 March 2015, our Independent Valuers, BNP Paribas Real Estate (who have succeeded Sanderson Weatherall), have undertaken the annual revaluation of the company's portfolio at £21,780,000 representing, as already mentioned, a revaluation surplus of £1,530,000. The Board considers this to be an excellent outcome.

Following the revaluation, as at the year-end, the industrial sector within the portfolio accounted for 58% by value, with the retail and office elements comprising 24% and 18% respectively.

#### **Borrowings and Gearing**

Total borrowings at the year-end were £7.6 million (2014 - £6.0 million) and net gearing at the year-end was 45.7% compared to 41.4% last year. The increased borrowings reflect the drawdown under our borrowing facility made to facilitate the purchase of the Ipswich and Weston-super-Mare properties during the year.

In December 2013, you will recall that 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.

Interest rates remain at an historic low level and the outlook, according to most commentators, seems to be for limited prospect of any meaningful increase in rates in the near future and rates are currently not forecast in the medium term to return to the levels prevailing in the pre-financial crisis period.

#### **Costs**

Our property costs in this year were marginally higher than in the prior year as we invested in some improvements jointly with tenants which are generally reflected in better lease terms. These costs remain under strict control, as do our administrative costs.

#### **Dividend**

In the light of the satisfactory results for the year, the Board is recommending a total dividend for the year of 12.3p per share (2014 – 11.8p). An increased interim dividend of 4.5p per share (2014 – 4.2p) was paid in December

## WYNNSTAY PROPERTIES PLC

### CHAIRMAN'S STATEMENT (continued)

2014. Accordingly, subject to approval of Shareholders at the Annual General Meeting, a final dividend of 7.8p per share (2014 – 7.6p) will be paid on 17th July 2015 to Shareholders on the register on 26th June 2015.

The increase in dividends this year should not be taken as an indication of further increases in the current year as this will depend on performance during the year, including our ability to maintain high levels of occupancy as well as to find suitable additions to the portfolio.

#### **Outlook**

Along with many other businesses, Wynnstay has undoubtedly benefitted from the greatly improved economic conditions and prospects that have developed over the recent past. Whether these prevail depends to a large extent upon political decisions taken by the new government following the outcome of the recent general election and developments affecting the UK economy, particularly anything that affects the prospects for small and medium-sized businesses and for consumer spending.

It is to be hoped that the election of the new government with broadly similar economic objectives to the previous government, but without the complications resulting from a coalition, will provide a sound basis for continued economic growth and further increases in employment. If this proves to be the case, it should greatly assist both our tenants and growth prospects in the commercial property market. Against this encouraging background, Wynnstay is in robust health 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**

In common with warnings issued by many other companies and by regulators and in the media, I remind Shareholders that unsolicited approaches regarding their shares may be from fraudsters. If you are in any doubt, please refer to the letter I sent to all Shareholders in January 2014 (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)).

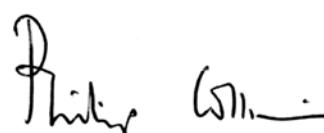
#### **Annual General Meeting**

Our Annual General Meeting will be held at the Royal Automobile Club on Thursday 16th July 2015. As always, I hope that as many Shareholders as possible will take the opportunity to come to London for the meeting and to meet the Board and other Shareholders informally to discuss the Company's affairs as well as to take part in the formal business.

#### **Colleagues and Advisers**

Our two executive directors – Paul Williams, our Managing Director, and Toby Parker, our Finance Director – have continued to manage Wynnstay with their customary efficiency and insight. The two executive directors and I, as your Chairman, also benefit from the wisdom and 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 contributions over the past year.

12th June 2015



Philip G.H. Collins  
Chairman

## WYNNSTAY PROPERTIES PLC

### REPORT OF THE DIRECTORS 2015

The Directors present their One Hundred and Twenty-ninth Annual Report, together with the audited Financial Statements of the Company for the year ended 25th March 2015.

Please refer to the Strategic Report on page 11 for the 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 £2,219,000 (2014: £946,000). 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**

Shortly after the end of the financial year, the Directors entered into negotiations off the market to acquire an industrial estate in Hampshire. Contracts have recently been exchanged, with completion due in the near future. The acquisition price of £2.6 million will be funded from our borrowing facility and our cash resources.

#### **Dividends**

The Directors have decided to recommend a final dividend of 7.8 pence per share for the year ended 25th March 2015 payable on 17th July 2015 to those shareholders on the register on 26th June 2015. This dividend, together with the interim dividend of 4.5 pence paid on 10th December 2014, represents a total for the year of 12.3 pence (2014 – 11.8 pence).

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

The Directors are responsible for preparing the Strategic Report, 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 2015 (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

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 2015 and 25th March 2014 are shown below:

		Ordinary Shares of 25p	
		25.3.15	25.3.14
P.G.H. Collins	Non-Executive Chairman	<b>850,836</b>	850,836
C.P. Williams	Managing Director	<b>9,412</b>	9,412
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>9,250</b>	6,750

The interests shown above in respect of Mr. P.G.H. Collins include non-beneficial interests of 217,983 shares at 25th March 2015 and 2014.

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

In accordance with the Company's Articles of Association, Mr. C.P. Williams retires by rotation and, being eligible, offers himself for re-election.

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

#### Directors' Emoluments

Directors' emoluments for the year ended 25th March 2015 are set out below:-

	Salaries	Fees	Pension	Benefits	Total 2015	Total 2014
P.G.H. Collins	–	32,551	–	–	32,551	31,001
C.P. Williams	106,667	11,645	10,667	2,795	131,774	125,122
C.H. Delevingne	–	11,645	–	–	11,645	11,090
T.J. Nagle	–	11,645	–	–	11,645	11,090
T.J.C.Parker	–	11,645	–	–	11,645	11,090
<b>Total 2015</b>	<b><u>£106,667</u></b>	<b><u>£79,131</u></b>	<b><u>£10,667</u></b>	<b><u>£2,795</u></b>	<b><u>£199,260</u></b>	
Total 2014	<u>£101,588</u>	<u>£75,361</u>	<u>£10,159</u>	<u>£2,285</u>		<u>£189,393</u>

A company owned and controlled by Mr T.J.C. Parker, was paid a fee of £40,404 (2014: £38,480) for services rendered during the year (see note 21).

#### Directors' and Officers' Liability Insurance

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

## WYNNSTAY PROPERTIES PLC

### REPORT OF THE DIRECTORS 2015 (continued)

#### **Substantial Interests**

As at 11 June 2015, 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 2015</b>	<b>Percentage of Issued Share Capital 2014</b>
Mr P.G.H. Collins	850,836	31.38%	31.38%
Mr D. Gibson	68,083	2.51%	11.16%
Mr G. Gibson	239,192	8.82%	—

#### **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.

#### **Remuneration Committee**

The Board currently acts as the remuneration committee, the details of the Directors' emoluments being set out on page 8 of this 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.

## WYNNSTAY PROPERTIES PLC

### REPORT OF THE DIRECTORS 2015 (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.

#### **Annual General Meeting**

The Notice of the Annual General Meeting, to be held on Thursday 16th July 2015, is set out on page 33.

By Order of the Board,

T.J.C. Parker

*Secretary*

12th June 2015

## WYNNSTAY PROPERTIES PLC

### STRATEGIC REPORT 2015

The Directors present their Strategic Report for the year ended 25th March 2015.

#### **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:

- Increase in rental income: 3.4% (2014: reduction of 1.2%).
- Increase in net asset value per share: 15.2% (2014: increase of 5.3%).

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.

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

T.J.C. Parker  
*Director*

12th June 2015

**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 2015 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 2015 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

12th June 2015

**WYNNSTAY PROPERTIES PLC**

**STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 25TH MARCH 2015**

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	Notes	2015	2014
		£'000	£'000
<b>Property Income</b>		<b>1,663</b>	1,609
Property Costs	2	(87)	(79)
Administrative Costs	3	(414)	(443)
		<hr/> <b>1,162</b>	<hr/> 1,087
Movement in Fair Value of:			
Investment Properties	9	<b>1,530</b>	170
Profit on Sale of Investment Property		—	52
<b>Operating Income</b>		<b>2,692</b>	1,309
Investment Income	5	2	1
Finance Costs	5	(265)	(129)
<b>Income before Taxation</b>		<b>2,429</b>	1,181
Taxation	6	(210)	(235)
<b>Income after Taxation</b>		<b>2,219</b>	946
<b>Basic and diluted earnings per share</b>	8	<b>81.8p</b>	34.9p

The company has no items of other comprehensive income.

**WYNNSTAY PROPERTIES PLC**  
**STATEMENT OF FINANCIAL POSITION 25TH MARCH 2015**

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	Notes	2015 £'000	2014 £'000
<b>Non Current Assets</b>			
Investment Properties	9	<b>21,780</b>	18,515
Investments	12	<b>3</b>	3
		<b>21,783</b>	18,518
<b>Current Assets</b>			
Accounts Receivable	13	<b>489</b>	267
Cash and Cash Equivalents		<b>1,050</b>	776
		<b>1,539</b>	1,043
<b>Current Liabilities</b>			
Accounts Payable	14	<b>(1,086)</b>	(876)
Income Taxes Payable		<b>(225)</b>	(235)
		<b>(1,311)</b>	(1,111)
<b>Net Current Assets</b>		<b>228</b>	68
<b>Total Assets Less Current Liabilities</b>		<b>22,011</b>	18,450
<b>Non-Current Liabilities</b>			
Bank Loans Payable	15	<b>(7,621)</b>	(5,951)
<b>Net Assets</b>		<b>14,390</b>	<b>12,499</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>13,831</b>	11,940
		<b>14,390</b>	<b>12,499</b>

Approved by the Board and authorised for issue on 12th June 2015

P.G.H. Collins  
Chairman

T.J.C. Parker  
Finance Director

**WYNNSTAY PROPERTIES PLC**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 25TH MARCH 2015**

	<b>2015</b>	<b>2014</b>
	£'000	£'000
<b>Cashflow from operating activities</b>		
Income before taxation	<b>2,429</b>	1,181
Adjusted for:		
Amortisation of deferred finance costs	—	3
Increase in fair value of investment properties	<b>(1,530)</b>	(170)
Interest income	<b>(2)</b>	(1)
Interest expense	<b>265</b>	129
Profit on disposal of investment properties	—	(52)
Changes in:		
Trade and other receivables	<b>(221)</b>	(93)
Trade and other payables	<b>210</b>	31
Income taxes paid	<b>(221)</b>	(380)
Interest paid	<b>(255)</b>	(129)
Net cash from operating activities	<b>675</b>	<b>519</b>
<b>Cashflow from investing activities</b>		
Interest and other income received	2	1
Purchase of investment properties	<b>(1,735)</b>	(945)
Sale of investment properties	—	352
Net cash from investing activities	<b>(1,733)</b>	<b>(592)</b>
<b>Cashflow from financing activities</b>		
Dividends paid	<b>(328)</b>	(320)
Repayments on bank loans	—	(5,998)
Drawdown on bank loans	<b>1,660</b>	6,596
Net cash from financing activities	<b>1,332</b>	<b>278</b>
<b>Net increase in cash and cash equivalents</b>	<b>274</b>	205
Cash and cash equivalents at beginning of period	<b>776</b>	571
Cash and cash equivalents at end of period	<b>1,050</b>	<b>776</b>

**WYNNSTAY PROPERTIES PLC**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 25th MARCH 2015**

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**YEAR ENDED 25 MARCH 2015**

	Share Capital £ 000	Capital Redemption Reserve £ 000	Share Premium Account £ 000	Treasury Shares £ 000	Retained Earnings £ 000	Total £ 000
Balance at 26 March 2014	789	205	1,135	(1,570)	11,940	12,499
Total comprehensive income for the year	–	–	–	–	2,219	2,219
Dividends – note 7	–	–	–	–	(328)	(328)
<b>Balance at 25 March 2015</b>	<b>789</b>	<b>205</b>	<b>1,135</b>	<b>(1,570)</b>	<b>13,831</b>	<b>14,390</b>

**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>

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2015

#### 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 and financial assets 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 2015

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 2014.

##### (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:

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

The standard makes substantial changes to the recognition and measurement of financial assets and liabilities and de-recognition of financial assets.

There will only be three categories of financial assets whereby financial assets are recognised at either fair value through profit or loss, fair value through other comprehensive income or measured at amortised cost. On adoption of the standard, the Company will have to re-determine the classification of its financial assets based on the business model for each category of financial asset. This is not considered likely to give rise to any significant adjustments.

Financial liabilities of the Company are expected to continue to be recognised at amortised cost.

The standard is effective for accounting periods beginning on or after 1 January 2018.

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2015

#### **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.

##### **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 and subsequently measured at amortised cost 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 2015

#### **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 and subsequently measured at amortised cost. All trade and other accounts payable are non-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.

#### **Borrowings**

Interest rate borrowings are recognised at fair value, being proceeds received less any directly attributable 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 2015

Details of Directors' emoluments, totaling £199,260 (2014: £189,393), are shown in the Directors' Report on page 8. 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 2015**

5. FINANCE COSTS (NET)	2015	2014
	£'000	£'000
Interest payable on bank loans	265	129
Less: Bank interest receivable	(2)	(1)
	<u>263</u>	<u>128</u>
6. TAXATION	2015	2014
	£'000	£'000
(a) Analysis of the tax charge for the year:		
UK Corporation tax at 21% (2014: 23%)	225	235
Overprovision in previous year	(15)	—
Total current tax charge	<u>210</u>	<u>235</u>
Deferred tax – temporary differences	—	—
Tax charge for the year	<u>210</u>	<u>235</u>
(b) Factors affecting the tax charge for the year:		
Net Income before taxation	<u>2,429</u>	<u>1,181</u>
Current Year:		
Corporation tax thereon at 21% (2014 - 23%)	510	27
Expenses not deductible for tax purposes	19	18
Excess of capital allowances over depreciation	(3)	(3)
Investment gain on fair value not taxable	(321)	(39)
Investment gain not taxable	—	(13)
Other timing differences	20	—
Overprovision in previous year	(15)	—
Current tax charge	<u>210</u>	<u>235</u>
7. DIVIDENDS	2015	2014
	£'000	£'000
Final dividend paid in year of 7.6p per share		
(2014: 7.6p per share)	206	206
Interim dividend paid in year of 4.5p per share		
(2014: 4.2p per share)	122	114
	<u>328</u>	<u>320</u>

The Board recommends the payment of a final dividend of 7.8p per share, which will be recorded in the Financial Statements for the year ending 25th March 2016.

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2015

#### 8. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing Income after Taxation attributable to Ordinary Shareholders of £2,219,000 (2014: £946,000) by the weighted average number of 2,711,617 (2014: 2,711,617) ordinary shares in issue during the period excluding shares held as treasury. There are no instruments in issue that would have the effect of diluting earnings per share.

9. INVESTMENT PROPERTIES	2015	2014
	£'000	£'000
<b>Investment Properties</b>		
Balance at 25th March 2014	<b>18,515</b>	17,700
Additions	<b>1,735</b>	945
Disposals	<u>—</u>	<u>(300)</u>
	<b>20,250</b>	<u>18,345</u>
Revaluation Surplus	<b>1,530</b>	170
Balance at 25th March 2015	<b><u>21,780</u></b>	<b><u>18,515</u></b>

The Company's freehold investment properties are carried at fair value as at 25th March 2015. The fair value of the properties has been calculated by independent valuers, BNP Paribas Real Estate, 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 5.5% to 10%, with an average yield of 7.89% and an average weighted yield of 7.61% 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 decrease or increase of £1.36 million in the fair value movement through profit or loss.

**WYNNSTAY PROPERTIES PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2015**

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

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>		
Balance at 25th March 2014 and 25th March 2015	<u><u>47</u></u>	<u><u>47</u></u>
<b>Depreciation</b>		
Balance at 25th March 2014	<u><u>47</u></u>	41
Charge for the Year	—	6
Balance at 25th March 2015	<u><u>47</u></u>	<u><u>47</u></u>
<b>Net Book Values at 25th March 2014 and 25th March 2015</b>	<u><u>—</u></u>	<u><u>—</u></u>

**11. OPERATING LEASES RECEIVABLE**

	<b>2015</b>	<b>2014</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	1,422	1,494
Between 2 and 5 years	2,973	2,922
Over 5 years	<u>997</u>	1,102
	<u><u>5,392</u></u>	<u><u>5,518</u></u>

Rental income under operating leases recognised in the profit or loss amounted to £1,663,000 (2014: £1,609,000).

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 2015**

<b>12. INVESTMENTS</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Quoted investments	<u>3</u>	<u>3</u>

<b>13. ACCOUNTS RECEIVABLE</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Trade receivables	<b>486</b>	264
Other receivables	<b>3</b>	3
	<b><u>489</u></b>	<b><u>267</u></b>

Trade receivables include an allowance for bad debts of £28,000 (2014: £28,000). Trade receivables of £22,600 (2014: £18,000) are considered past due but not impaired.

<b>14. ACCOUNTS PAYABLE</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Trade payables	<b>7</b>	40
Other creditors	<b>107</b>	163
Accruals and deferred income	<b>972</b>	673
	<b><u>1,086</u></b>	<b><u>876</u></b>

<b>15. BANK LOANS PAYABLE</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Non-current position	<b>7,658</b>	5,998
Less: deferred finance costs	<b>(37)</b>	(47)
	<b><u>7,621</u></b>	<b><u>5,951</u></b>

In December 2013, the bank loan was re-financed 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 2015

#### **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 £21,780,000 (2014: £17,155,000). The undrawn element of the borrowing facility available at 25th March 2015 was £2.3million (2014: £4.0million). A commitment fee of 1% per annum is payable on the undrawn amount.

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

A deferred tax asset of £44,145 (2014: £250,286) in respect of the investment property has not been recognised, as the Directors do not intend to sell the properties and therefore crystallise the potential deferred tax assets. If the investment properties were to be sold, the Directors believe it is unlikely that there would be suitable taxable profits from which the future reversal of the underlying timing differences could be deducted.

<b>17. SHARE CAPITAL</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Authorised		
8,000,000 Ordinary Shares of 25p each:	<b>2,000</b>	2,000
Allotted, Called Up and Fully Paid		
3,155,267 Ordinary shares of 25p each	<b>789</b>	<b>789</b>

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 2015

#### **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 2015 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. 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 2015 and 2014, 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 2015 was £1,050,000 (2014: £776,000).

##### **Currency Risk**

As all of 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 but does not take out financial instruments to mitigate the risk. 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 2015

**18. 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	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Impact on interest payable - gain/(loss)	38	30	(38)	(30)
Impact on interest receivable - (loss)/gain	(6)	(4)	6	4
<b>Total impact on pre tax profit and equity</b>	<b>32</b>	<b>26</b>	<b>(32)</b>	<b>(26)</b>

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

	2015	2014
	£'000	£'000
Floating rate borrowings (bank loans)	(7,658)	(5,998)
Less: cash and cash equivalents	1,050	776
<b>Total</b>	<b>(6,608)</b>	<b>(5,222)</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.

	2015	2015	2014	2014
	Book Value	Fair Value	Book Value	Fair Value
	£'000	£'000	£'000	£'000
Interest bearing borrowings (note 15)	(7,621)	(7,672)	(5,951)	(5,998)
<b>Total</b>	<b>(7,621)</b>	<b>(7,672)</b>	<b>(5,951)</b>	<b>(5,998)</b>

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2015

**18. FINANCIAL INSTRUMENTS (Continued)**

**Categories of Financial Instruments**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Financial assets:		
Quoted investments	3	3
Loans and receivables	489	267
Cash and cash equivalents	<u>1,050</u>	<u>776</u>
Total financial assets	<u>1,542</u>	<u>1,046</u>
Non-financial assets	<u>21,780</u>	<u>18,515</u>
<b>Total assets</b>	<b><u>23,322</u></b>	<b><u>19,561</u></b>
Financial liabilities at amortised cost	<u>8,932</u>	<u>7,062</u>
Total liabilities	<u>8,932</u>	<u>7,062</u>
Shareholders' equity	<u>14,390</u>	<u>12,499</u>
<b>Total shareholders' equity and liabilities</b>	<b><u>23,322</u></b>	<b><u>19,561</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 2015

**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>2015</b>	<b>2014</b>
	£'000	£'000
Net borrowings and overdraft	<b>7,621</b>	5,951
Cash and cash equivalents	<b>(1,050)</b>	(776)
Net borrowings	<b>6,571</b>	5,175
Shareholders' equity	<b>14,390</b>	12,499
Investment properties	<b>21,780</b>	18,515
Loan to value ratio	<b>30.2%</b>	28.0%
Net gearing ratio	<b>45.7%</b>	41.4%

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2015

**19. STATEMENT OF CASH FLOWS**

Analysis of Net Debt	25th March		Cash Movement £'000	26th March	
	2015	2014		2014	
	£'000	£'000		£'000	
Cash and cash equivalents	(1,050)	(274)	(776)		
Bank loan	7,658	1,660	5,998		
Net Debt	<u><b>6,608</b></u>	<u><b>1,386</b></u>	<u><b>5,222</b></u>		

**20. COMMITMENTS UNDER OPERATING LEASES**

Future rental commitments at 25th March 2015 under non-cancellable operating leases are as follows:-

	2015 £'000	2014 £'000
Within one year	<b>20</b>	19
Between two to five years	<b>3</b>	24
	<u><b>23</b></u>	<u><b>43</b></u>

**21. RELATED PARTY TRANSACTIONS**

The Company had 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 2015, I.F.M. Consultants Ltd was paid £nil (2014: £38,480). 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.P. Consultants Ltd, a company owned and controlled by T.J.C. Parker which during the year was paid £40,404 (2014: £38,480). There were no other related party transactions other than with the Directors, which have been disclosed under Directors' Emoluments in the Directors' Report on page 8.

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

Shortly after the end of the financial year, the Directors entered into negotiations off the market to acquire an industrial estate in Hampshire. Contracts have recently been exchanged, with completion due in the near future. The acquisition price of £2.6 million will be funded from the borrowing facility and cash resources.

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2015

**23. SEGMENTAL REPORTING**

	Industrial		Retail		Office		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Rental Income</b>	<b>1,015</b>	1,107	<b>351</b>	163	<b>297</b>	339	<b>1,663</b>	1,609
Profit/(loss) on property investments at fair value	<b>1,143</b>	230	<b>210</b>	25	<b>178</b>	(85)	1,530	170
Total income and gain/(loss)	<b>2,157</b>	1,337	<b>561</b>	188	<b>475</b>	254	<b>3,193</b>	1,779
Property expenses	(87)	(79)	—	—	—	—	(87)	(79)
<b>Segment profit/(loss)</b>	<b>2,070</b>	1,258	<b>561</b>	188	<b>475</b>	254	<b>3,106</b>	1,700
Unallocated corporate expenses							<b>(414)</b>	(443)
Profit on sale of investment property	52	—	—	—	—	—	—	52
<b>Operating income</b>							<b>2,692</b>	1,309
Interest expense (all relating to property loans)							<b>(265)</b>	(129)
Interest income and other income							<b>2</b>	1
<b>Income before taxation</b>							<b>2,429</b>	1,181

Other information	Industrial		Retail		Office		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Segment assets	<b>12,605</b>	11,462	<b>5,245</b>	3,300	<b>3,930</b>	3,753	<b>21,780</b>	18,515
Segment assets held as security	<b>12,605</b>	10,102	<b>5,245</b>	3,300	<b>3,930</b>	3,753	<b>21,780</b>	17,155

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

	<b>IFRS</b>				
Years Ended 25th March:	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</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>1,663</b>	1,609	1,628	1,503	1,691
Profit before movement in fair value of investment properties and taxation	<b>899</b>	1,011	1,103	1,157	886
Income before Taxation	<b>2,429</b>	1,181	166	292	661
Income/(Loss) after Taxation	<b>2,219</b>	946	(193)	117	449
<b>BALANCE SHEET</b>					
Investment Properties	<b>21,780</b>	18,515	17,700	19,289	20,120
Equity Shareholders' Funds	<b>14,390</b>	12,499	11,873	12,359	12,538
<b>PER SHARE</b>					
Basic earnings	<b>81.8p</b>	34.9p	(7.1p)	4.3p	17p
Dividends paid and proposed	<b>12.3p</b>	11.8p	10.8p	10.5p	10.5p
Net Asset Value	<b>531p</b>	461p	438p	456p	462p

WYNNSTAY PROPERTIES PLC

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the one hundred and twenty-ninth 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, 16th July 2015, 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 2015.
2. To declare a final dividend for the year ended 25th March 2015.
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 re-elect as a Director of the Company Mr C.P. Williams, who retires and offers himself for re-election.

Registered Office:  
150 Aldersgate Street  
London EC1A 4AB

By Order of the Board,  
T. J. C. Parker  
Secretary.  
12th June 2015

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 Asset Services, 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 14th July 2015, 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 18.00 on 14th July 2015 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 67, is a Solicitor and was Chairman of the Office of Fair Trading from 2005 to 2014. 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 57 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 65. 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. Appointed a Director of Wynnstay Properties in June 2002.

**Terence J. Nagle (Senior Independent Non-Executive)** aged 72, 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 60, 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.



