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# Wynnstay Properties PLC

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*Annual Report and Financial Statements  
for the year ended 25 March 2009*



# WYNNSTAY PROPERTIES PLC



## CHAIRMAN'S STATEMENT REPORT OF THE DIRECTORS and FINANCIAL STATEMENTS YEAR ENDED 25TH MARCH 2009

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

**DIRECTORS**

P.G.H. COLLINS, LL.B., B.C.L.  
*(Non-Executive Chairman)*

C.P. WILLIAMS, B.Sc., M.B.A., M.R.I.C.S.  
*(Managing Director)*

C.H. DELEIVINGNE  
*(Non-Executive Director)*

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

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

**REGISTERED OFFICE**

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

**AUDITORS**

MOORE STEPHENS LLP  
St. Paul's House, 8/12 Warwick Lane, London EC4M 7BP

**SOLICITORS**

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

**NOMINATED ADVISER & BROKER**

CHARLES STANLEY SECURITIES  
25 Luke Street, London EC2A 4AR

**VALUERS**

SANDERSON WEATHERALL  
Elsley Court, 20-22 Great Titchfield Street, London W1W 8BE

**REGISTRARS**

CAPITA REGISTRARS  
The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU  
Tel: 0870 162 3100

**BANKERS**

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

SVENSKA HANDELSBANKEN AB (PUBL)  
Trinity Tower, 9 Thomas Moore Street, London E1W 1WY

**WYNNSTAY PROPERTIES PLC**  
**SUMMARY OF PROPERTY PORTFOLIO**  
**AT 25TH MARCH 2009**

Aldershot	Eastern Road	Industrial Unit
Alton	Newman Lane	Industrial Unit
Aylesford	Quarry Wood Industrial Estate	18 Industrial Units
Basingstoke	Crockford Lane	3 Industrial Units
Chessington	Oakcroft Business Park	3 Industrial Units
Colchester	North Hill	Offices
Colchester	Short Wyre Street	4 Retail Units
Cosham	High Street	Offices
Crawley	Whitworth Road	Industrial Unit
Dorking	High Street	4 Retail Units
Gosport	High Street	Retail Unit
Heathfield	Station Road	5 Industrial Units
Hertford	Hertingfordbury Road	2 Industrial Units
Midhurst	North Street	Retail Unit
Norwich	City Trading Estate	6 Industrial Units
St. Neots	Huntingdon Street	6 Industrial Units
Shirley	High Street	Retail Unit
Twickenham	Third Cross Road	4 Industrial Units
Uckfield	Bell Lane	4 Industrial Units

All the above properties are Freehold.

# WYNNSTAY PROPERTIES PLC

## CHAIRMAN'S STATEMENT

I am pleased to report that despite the economic and financial turmoil we have witnessed over the past year and its effects on the commercial property market as well as in the economy generally, your Company enjoyed a satisfactory financial year and remains in good health.

### Overview of financial performance

The financial performance may be summarised as follows:

	Change	2009	2008
• Net income before property revaluation, disposals and taxation:	+ <b>11.8%</b>	£964,000	£862,000
• Dividends per share, paid and proposed:	+ <b>5.8%</b>	10.0p	9.45p
• Net asset value per share:	- <b>24.7%</b>	414p	550p
• Adjusted net asset value per share *	- <b>27.4%</b>	414p	572p

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

The growth in net income before property revaluation, disposals and taxation reflects the enlargement of the portfolio as a result of the Quarry Wood Industrial Estate in Aylesford which we acquired in June 2008 together with rigorous control of overheads and other costs.

Net asset value per share has fallen as a result of the reduction in the value of the property portfolio, which is detailed further below.

### Property Management

Property income rose to £1.87 million (2008 - £1.56 million), an increase of almost 20%, as we benefited from the integration of the 18 units and 15 leases at Aylesford as well as some new leases and rent review settlements reflecting a busy year on the property management side. The portfolio has been fully let throughout the year and no rental income remained outstanding at the year end. Paul Williams has engaged actively with those tenants who are suffering as a result of the deteriorating economic conditions.

### Portfolio

As at 25 March 2009, our Independent Valuers, Sanderson Weatherall, have undertaken the annual valuation of the company's portfolio at £20,745,000, representing a reduction of £5,421,000 or 20.7%. Commercial property values continued to decline across-the-board over the year, and whilst it provides scant comfort to our shareholders it is noticeable that some of the larger quoted property companies are reporting far greater percentage falls in the value of their portfolios than that which we have reported.

Whilst we have examined and continue to examine a number of potential property acquisitions, the only addition during the year was the purchase of the Aylesford industrial estate to which I referred in my statement last year.

As I reported at the half-year, we have been working hard on securing a planning permission for a redevelopment on the site of our four industrial units in Twickenham and we were pleased to receive consent for a mixed residential and commercial development comprising five houses and three apartments at the front of the site and a two storey commercial building to the rear with new access, landscaping and parking in October 2008.

We have also submitted a planning application for change of use of the upper parts of our office premises at North Hill, Colchester to residential use and after much consultation with Colchester Borough Council and English Heritage, a decision is awaited.

Following the revaluation, as at the year-end, the industrial sector within the portfolio accounted for 65% by value, with the retail and office elements comprising 20% and 15% respectively.

### **Borrowings and Gearing**

Net borrowings at the year-end were £7.9 million (2008 - £3.6 million) reflecting the additional borrowings made to finance the Aylesford acquisition, and net gearing at the year-end was 52% compared to 16% last year.

During the year, we entered into a new five year £8.5 million facility with one of Scandinavia's leading banking groups, Svenska Handelsbanken AB, to replace the previous facility for the same amount with N.M. Rothschild & Sons which was due to expire in March 2011. Taken overall, the principal terms of the new arrangement are not materially different from those under the previous facility. Paul Williams and Toby Parker worked hard to deliver this project and I am pleased to report that your Company did not incur any significant costs in negotiating and entering into the new arrangements which provide the benefit of a borrowing facility which runs through until December 2013.

At the present time, the company is benefiting from unprecedented low levels of interest payable on that part of our facility where the rate of interest is not fixed, as well as interest receivable on our cash deposits. It is the intention of your board to fix the rate of interest on all or a substantial part of the variable element of the facility as soon as it is deemed appropriate to do so.

### **Costs**

As anticipated when I wrote in last year's annual report, the changes that we made in that year are now delivering overhead savings significantly in excess of the figure of £100,000 per annum I mentioned last year. Our smaller, cost-effective premises provide an adequate base for our small team and our present and anticipated requirements.

### **Taxation**

Tax on the year's net income has benefited from the reduction in the rate of corporation tax to 28% from 30% which was announced in last year's budget. As a result of the revaluation of the property portfolio in March 2009, the provision for deferred tax of £693,000 as at March 2008 has been more than fully written back. The tax credit for the year amounted to £484,000.

### **Dividend**

The Directors are recommending a total dividend for the year of 10.0p per share, compared with 9.45p last year, representing a 5.8% increase. An interim dividend of 2.75p was paid in December 2008 and, subject to approval of Shareholders at the Annual General Meeting, a final dividend of 7.25p per share will be paid on 22 July 2009 to Shareholders on the register on 26 June 2009.

### **Outlook**

We are going through, and remain in, a period of great economic uncertainty which has inevitably had a severe impact on the commercial property market. However, your Company remains in a healthy financial position, with strong cash flow and available bank facilities which together with our uncharged properties will enable us to continue to grow and develop the portfolio as opportunities arise.

### **Annual General Meeting**

Our Annual General Meeting will be held at the Royal Automobile Club at 12 noon on Wednesday 15th July 2009. We had an excellent attendance last year and received positive feedback from a number of Shareholders. As always, I would encourage as many Shareholders as possible to attend this important event which provides an opportunity to learn more about Wynnstay and to meet the Directors as well as other Shareholders.

### **Articles of Association**

As a consequence of the 2006 Companies Act, it is now considered necessary for the company to update its articles of association which were initially drafted on the basis of the 1862 Companies Act, and amended periodically thereafter. As a result, you are being asked to vote to adopt these new articles at the General Meeting, and you will note from Appendix A that the main changes simply help to bring us into the 21st century. Your board is unanimous in their recommendation that these articles are adopted.

**Colleagues and Advisers**

I would like to thank Paul Williams and Toby Parker for all their endeavours on behalf of your Company during the year, as well as my fellow Directors and our professional advisers for their continued wise counsel and support.

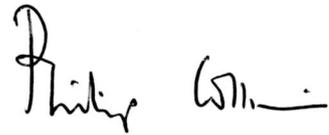
**Brian Cann FRICS**

We were saddened to hear at the beginning of April of the sudden death of Brian Cann, who preceded me as Chairman of Wynnstay.

Brian had a distinguished career in property, latterly as Chief Executive of St Martins Property Corporation which had substantial interests both in the UK and abroad. He was a former President of the British Property Federation.

He became a non-executive Director in 1990 and was appointed Chairman in 1991. Brian performed this role for seven years with great skill and determination as well as good humour and charm, leading the Company with distinction through some challenging times as well as on its admission to AIM.

Our condolences go to his widow, Sheila and their children and grandchildren.



Philip G.H. Collins  
*Chairman*

18th June 2009

# WYNNSTAY PROPERTIES PLC

## REPORT OF THE DIRECTORS 2009

The Directors present their one hundred and twenty-third Annual Report, together with the audited Financial Statements of the Company and its subsidiary for the year ended 25th March 2009.

### Principal Activity

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

### Net income for the Year

The net loss for the year after taxation amounted to £3,973,000 (2008 profit – £978,000). Details of movements in reserves are set out in the statement of changes in equity on page 18.

### Business Review, Performance Indicators and Risks

A review of the business for the year and of the future prospects of the Group is included in the Chairman's Statement on pages 4 to 6. The financial statements 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.

The principal risks and uncertainties are those normally associated with the real estate market, which is cyclical by its nature and include changes in the supply and demand for space as well as the inherent risk of tenant failure. In the latter case, the Company seeks to reduce this risk by requiring the payment of rent deposits when considered appropriate.

Other risk factors include changes in legislation in respect of taxation and the obtaining of planning consents, etc. as well as those associated with financing and treasury management, where the Company's policy is to ensure that a substantial proportion of its borrowings is arranged at fixed rates of interest.

### Dividends

The Directors have decided to recommend a final dividend of 7.25 pence per share for the year ended 25th March 2009 payable on 22nd July 2009 to those Shareholders on the register on 26th June 2009. This dividend, together with the interim dividend of 2.75 pence paid on 12th December 2008, represents a total for the year of 10.0 pence (2008 – 9.45 pence).

### Investment properties

The investment properties have been valued by Sanderson Weatherall on the basis of Market Value at 25th March 2009. The movement in investment properties is set out in Note 9 on page 24.

### 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 2009 and 25th March 2008 are shown below:

		Ordinary Shares of 25p	
		25.3.09	25.3.08
P.G.H. Collins	Non-Executive Chairman	850,836	852,436
C.P. Williams	Managing Director	–	–
C.H. Delevingne	Non-Executive Director	5,000	5,000
T.J. Nagle	Non-Executive Director	13,000	13,000
T.J.C. Parker	Finance Director and Secretary	–	–

The interests shown above in respect of Mr. P.G.H. Collins include non-beneficial interests of 229,596 shares at 25th March 2009 and 2008.

## WYNNSTAY PROPERTIES PLC

### REPORT OF THE DIRECTORS 2009 (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 twelve 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 2009 are set out below:-

	<u>Salaries</u>	<u>Fees</u>	<u>Benefits</u>	<u>Pension</u>	<b>Total 2009</b>	<u>Total 2008</u>
P.G.H. Collins	–	26,780	–	–	26,780	25,500
C.P Williams	101,000	9,580	2,723	7,973	121,276	113,331
C.H. Delevingne	–	9,580	–	–	9,580	9,125
T.J. Nagle	–	9,580	–	–	9,580	9,125
T.J.C.Parker	–	9,580	–	–	9,580	6,050
P.R. Kirkland	–	–	–	–	–	42,367
<b>Total 2009</b>	<b><u>£101,000</u></b>	<b><u>£65,100</u></b>	<b><u>£2,723</u></b>	<b><u>£7,973</u></b>	<b><u>£176,796</u></b>	
Total 2008	<u>£131,720</u>	<u>£62,000</u>	<u>£706</u>	<u>£11,072</u>		<u>£205,498</u>

Included in the emoluments paid to Mr C.P. Williams in 2009 is a discretionary bonus awarded by the Board of £12,000. I.F.M. Consultants Limited, a company owned and controlled by Mr T.J.C. Parker, was paid a fee of £61,100 (2008: £28,000) for services rendered during the year (see note 23).

#### Directors' Responsibilities in respect of the preparation of Financial Statements

Company Law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

#### Directors' and Officers' Liability Insurance

The Group has maintained Directors' and Officers' insurance as permitted by the Companies Act 1985.

# WYNNSTAY PROPERTIES PLC

## REPORT OF THE DIRECTORS 2009 (continued)

### Substantial Interests

At the date of this report, the Directors have been notified or are aware of the following interests, which are in excess of three per cent of the issued Ordinary Share Capital of the Company:

	No. of Ordinary Shares of 25p	Percentage of Issued Share Capital
Mr P.G.H. Collins	850,836	26.97%
Channel Hotels and Properties Ltd	448,500	14.21%
Mr H.J.A. Bird	179,280	5.68%
Mr D. Gibson	151,618	4.8%

### Employees

Where appropriate, employees are informed on issues which are of interest to, or concern them. The Group's policy is to recruit and develop its employees on the basis of their suitability, experience and aptitude and regardless of sex, creed, race, nationality or disability.

### Payment to Suppliers

It is the Group's policy to pay suppliers according to agreed terms and conditions, provided that these are met. The Group does not have a standard or code which deals specifically with the payment of suppliers. The average period in the case of the parent company for which payment was outstanding during the year ended 25th March 2009 was 2 days (2008 – 7 days).

### Corporate Governance

The Company has considered the principles and provisions of the Combined Code on Corporate Governance issued by the Financial Reporting Council in June 2006 and applied them to the extent considered appropriate by the Board given the size of the Group.

- The Company is headed by an effective Board which leads and controls the Group.
- There is a clear division of responsibilities in running the Board and running the Group'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 Group 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. Cashflow 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 Group and its Board the establishment of an audit committee or an internal audit department would be inappropriate. However, the auditors to the Group have direct access to the non-executive Chairman.

# WYNNSTAY PROPERTIES PLC

## REPORT OF THE DIRECTORS 2009 (continued)

### **Remuneration Committee**

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

### **Going Concern**

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

### **Financial Risk Management Objectives**

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

### **Internal Control**

The Directors are responsible for the Group'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 Group.

### **Statement as to disclosure of information to auditors**

Each of the persons who are Directors at the time when this report is approved has confirmed that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all the steps that ought to have been taken as a Director, including making appropriate enquiries of fellow Directors and the Company's auditors for that purpose, in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

### **Donations**

The Group made no charitable or political donations during the year (2008: £nil).

### **Annual General Meeting**

The Notice of the Annual General Meeting, to be held on Wednesday 15th July 2009, is set out on page 33.

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

18th June 2009

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF WYNNSTAY PROPERTIES PLC**

We have audited the group and parent company financial statements (the "financial statements") of Wynnstay Properties plc for the year ended 25 March 2009 which are set out on pages 13 to 31. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and have been properly prepared in accordance with the Companies Act 1985 and as regards to the group financial statements, Article 4 of the International Accounting Standards (I.A.S.) regulations. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairman's Statement, and the five year Financial Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the group and parent company financial statements. Our responsibilities do not extend to any other information.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**WYNNSTAY PROPERTIES PLC**

**INDEPENDENT AUDITORS' REPORT**

**Opinion**

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 25 March 2009 and of its loss for the year then ended;
- the parent company financial statements gives a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 25 March 2009;
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and as regards the group financial statements, Article 4 of the International Accounting Standards (I.A.S.) regulations; and
- the information given in the Directors' Report is consistent with the financial statements.

St Paul's House  
London EC4M 7BP

MOORE STEPHENS LLP  
Registered Auditors  
Chartered Accountants

18th June 2009

**WYNNSTAY PROPERTIES PLC**  
**CONSOLIDATED INCOME STATEMENT YEAR ENDED 25TH MARCH 2009**

	Notes	2009 £'000	2008 £'000
<b>Property Income</b>	1	1,874	1,565
<b>Property Costs</b>	2	(97)	(92)
<b>Administrative Costs</b>	3	<u>(430)</u>	<u>(554)</u>
		1,347	919
<b>Movement in fair value of:</b>			
<b>Investment Properties</b>	9	(5,421)	(135)
<b>Other investments</b>	13	<u>–</u>	<u>(1)</u>
<b>Operating (Loss)/Income</b>		(4,074)	783
<b>Investment Income</b>	5	41	38
<b>Other income</b>		–	135
<b>Finance Costs</b>	5	<u>(424)</u>	<u>(229)</u>
<b>(Loss)/Income before Taxation</b>		(4,457)	727
<b>Taxation</b>	6	<u>484</u>	<u>251</u>
<b>(Loss)/Income for the year after taxation</b>		(3,973)	978
<b>Dividends paid</b>	7	<u>(303)</u>	<u>(286)</u>
<b>(Loss)/Profit Retained</b>		<u>(4,276)</u>	<u>692</u>
<b>Basic earnings per share</b>	8	<u>(125.9p)</u>	<u>31.0p</u>

**WYNNSTAY PROPERTIES PLC**  
**CONSOLIDATED BALANCE SHEET 25TH MARCH 2009**

	Notes	2009	2008
		£'000	£'000
<b>Non Current Assets</b>			
Investment Properties	9	20,745	21,380
Other Property, Plant and Equipment	10	10	11
Investments	13	3	3
		<u>20,758</u>	<u>21,394</u>
<b>Current Assets</b>			
Accounts Receivable	14	101	152
Deferred tax	17	20	-
Cash and cash equivalent		1,119	888
		<u>1,240</u>	<u>1,040</u>
<b>Current Liabilities</b>			
Accounts Payable	15	(782)	(557)
Income tax payable		(229)	(221)
		<u>(1,011)</u>	<u>(778)</u>
<b>Net Current Assets</b>		<b>229</b>	<b>262</b>
<b>Total Assets Less Current Liabilities</b>		<b>20,987</b>	<b>21,656</b>
<b>Non-Current Liabilities</b>			
Loans Payable	16	(7,900)	(3,600)
Deferred Tax	17	-	(693)
		<u>-</u>	<u>(693)</u>
<b>Net Assets</b>		<b><u>13,087</u></b>	<b><u>17,363</u></b>
<b>Capital and Reserves</b>			
Share Capital	18	789	789
Share Premium Account		1,135	1,135
Capital Redemption Reserve		205	205
Retained Earnings		10,958	15,234
		<u>10,958</u>	<u>15,234</u>
<b>Equity attributable to equity holders of the parent</b>		<b><u>13,087</u></b>	<b><u>17,363</u></b>

Approved by the Board and authorised for issue on 18th June 2009



P.G.H. Collins  
Chairman



T.J.C. Parker  
Finance Director

**WYNNSTAY PROPERTIES PLC**  
BALANCE SHEET AT 25TH MARCH 2009

	Notes	2009	2008
		£'000	£'000
<b>Non Current Assets</b>			
Investment Properties	9	20,745	21,380
Other Property Plant & Equipment	10	10	11
Investment in Subsidiary	12	–	–
Investments	13	<u>3</u>	<u>3</u>
		<b>20,758</b>	<b>21,394</b>
<b>Current Assets</b>			
Accounts Receivable	14	101	152
Deferred tax	17	20	–
Cash and cash equivalent		<u>1,119</u>	<u>888</u>
		<b>1,240</b>	<b>1,040</b>
<b>Current Liabilities</b>			
Accounts Payable	15	(782)	(557)
Income tax payable		<u>(229)</u>	<u>(221)</u>
		<b>(1,011)</b>	<b>(778)</b>
<b>Net Current Assets</b>		<b>229</b>	<b>262</b>
<b>Total Assets Less Current Liabilities</b>		<b>20,987</b>	<b>21,656</b>
<b>Non-Current Liabilities</b>			
Loans Payable	16	(7,900)	(3,600)
Deferred Tax	17	–	(693)
		<u>–</u>	<u>(693)</u>
<b>Net Assets</b>		<u><b>13,087</b></u>	<u><b>17,363</b></u>
<b>Capital and Reserves</b>			
Share Capital	18	789	789
Share Premium Account		1,135	1,135
Capital Redemption Reserve		205	205
Retained Earnings		<u>10,958</u>	<u>15,234</u>
<b>Equity attributable to equity holders of the parent</b>		<u><b>13,087</b></u>	<u><b>17,363</b></u>

Approved by the Board and authorised for issue on 18th June 2009



P.G.H. COLLINS  
Chairman



T.J.C. Parker  
Finance Director

**WYNNSTAY PROPERTIES PLC**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 25TH MARCH 2009**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cashflow from operating activities</b>		
(Loss)/Profit before taxation	(4,457)	727
Adjusted for:		
Depreciation	1	9
Decrease in fair value of investment properties	5,421	135
Interest income	(41)	(173)
Interest expense	424	229
Decrease in fair value of investment	–	1
Changes in:		
Trade and other receivables	51	270
Trade and other payables	234	(360)
Income tax paid	(221)	(40)
Net cash from operating activities	<u>1,412</u>	<u>798</u>
<b>Cashflow used in investing activities</b>		
Interest and Other income received	41	173
Purchase of property, plant and equipment	(4,786)	(5)
Net cash used in investing activities	<u>(4,745)</u>	<u>168</u>
<b>Cashflow from financing activities</b>		
Dividends paid	(303)	(286)
Interest payable	(433)	(229)
Loans drawn down	8,500	–
Repayments on bank loans	(4,200)	(200)
Net cash from financing activities	<u>3,564</u>	<u>(715)</u>
<b>Net increase in cash and cash equivalents</b>	<b>231</b>	<b>251</b>
Cash and cash equivalents at beginning of period	<b>888</b>	<b>637</b>
Cash and cash equivalents at end of period	<u><b>1,119</b></u>	<u><b>888</b></u>

**WYNNSTAY PROPERTIES PLC**

**COMPANY CASH FLOW STATEMENT FOR THE YEAR ENDED 25TH MARCH 2009**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cashflow from operating activities</b>		
(Loss)/Profit before taxation	(4,457)	727
Adjusted for:		
Depreciation	1	9
Decrease in fair value of investment properties	5,421	135
Interest income	(41)	(173)
Interest expense	424	229
Decrease in fair value of investment	-	1
Changes in:		
Trade and other receivables	51	270
Trade and other payables	234	(360)
Income tax paid	(221)	(40)
Net cash from operating activities	<u>1,412</u>	<u>798</u>
<b>Cashflow used in investing activities</b>		
Interest and Other income received	41	173
Purchase of property, plant and equipment	(4,786)	(5)
Net cash used in investing activities	<u>(4,745)</u>	<u>168</u>
<b>Cashflow from financing activities</b>		
Dividends paid	(303)	(286)
Interest payable	(433)	(229)
Loans drawn down	8,500	-
Repayments on bank loans	(4,200)	(200)
Net cash from financing activities	<u>3,564</u>	<u>(715)</u>
<b>Net increase in cash and cash equivalents</b>	<b>231</b>	<b>251</b>
Cash and cash equivalents at beginning of period	<b>888</b>	<b>637</b>
Cash and cash equivalents at end of period	<u><b>1,119</b></u>	<u><b>888</b></u>

**WYNNSTAY PROPERTIES PLC**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 25TH MARCH 2009**

<b>Group</b>	<b>YEAR ENDED 25 MARCH 2009</b>				<b>Total</b>
	<b>Share Capital</b>	<b>Capital Redemption Reserve</b>	<b>Share Premium Account</b>	<b>Retained Earnings</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at 25 March 2008	789	205	1,135	15,234	17,363
Net loss for the year	–	–	–	(3,973)	(3,973)
Dividends	–	–	–	(303)	(303)
Balance at 25 March 2009	<u>789</u>	<u>205</u>	<u>1,135</u>	<u>10,958</u>	<u>13,087</u>
	<b>YEAR ENDED 25 MARCH 2008</b>				
	<b>Share Capital</b>	<b>Capital Redemption Reserve</b>	<b>Share Premium Account</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at 26 March 2007	789	205	1,135	14,542	16,671
Net income for the year	–	–	–	978	978
Dividends	–	–	–	(286)	(286)
Balance at 25 March 2008	<u>789</u>	<u>205</u>	<u>1,135</u>	<u>15,234</u>	<u>17,363</u>
<b>Company</b>	<b>YEAR ENDED 25 MARCH 2009</b>				
	<b>Share Capital</b>	<b>Capital Redemption Reserve</b>	<b>Share Premium Account</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at 26 March 2008	789	205	1,135	15,234	17,363
Net loss for the year	–	–	–	(3,973)	(3,973)
Dividends	–	–	–	(303)	(303)
Balance at 25 March 2009	<u>789</u>	<u>205</u>	<u>1,135</u>	<u>10,958</u>	<u>13,087</u>
	<b>YEAR ENDED 25 MARCH 2008</b>				
	<b>Share Capital</b>	<b>Capital Redemption Reserve</b>	<b>Share Premium Account</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at 26 March 2007	789	205	1,135	14,055	16,184
Net income for the year	–	–	–	1,465	1,465
Dividends	–	–	–	(286)	(286)
Balance at 25 March 2008	<u>789</u>	<u>205</u>	<u>1,135</u>	<u>15,234</u>	<u>17,363</u>

As permitted by Section 230 of the Companies Act 1985, the Income Statement of the Parent Company has not been separately presented in these financial statements, where the (loss)/income for the year after taxation was (£3,973,000) (2008: £1,465,000).

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2009

#### 1. ACCOUNTING POLICIES

Wynnstay Properties PLC is a public limited company incorporated and domiciled in England and Wales. The principal activity of the company and group is property investment, development and management. The Company's ordinary shares are traded on the Alternative Investment Market.

##### **Basis of Preparation and Consolidation**

The Group Accounts have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. The financial statements have been presented in pounds sterling being the functional currency of the company. The financial statements have been prepared under the historical cost basis modified for the revaluation of investment properties measured at fair value.

The consolidated financial statements comprise the results of the Company and its subsidiary undertakings drawn up to 25th March each year.

##### **Standards and interpretations in issue but not yet effective**

The International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") have issued revisions to a number of existing standards and new interpretations with an effective date of implementation after the date of these financial statements. A number of standards have also been revised as a result of the 2007 IASB Improvements project and the Business Combination project.

The directors do not anticipate that the adoption of these revised standards and interpretations will have a material impact on the figures included in the financial statements in the period of initial application other than the following revisions to existing standards:

##### **IAS 1: Presentation of Financial Statements**

The revision makes substantial changes to the disclosure required in financial statements, as well as changing the presentation of performance. The Group will be allowed to have a single statement of comprehensive income, or to have such a statement in addition to an income statement, while the statement of changes in equity will be restricted to capital items.

If the Group restates or reclassifies comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period.

The revision to this standard will be effective for periods beginning 1st January 2009.

IFRS 8 (Operating Segments) has been adopted early (see note 24).

##### **Key Sources of Estimation Uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are those relating to the fair value of investment properties.

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2009

#### **Investment Properties**

All the Group'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 the income statement.

#### **Depreciation**

In accordance with IAS 40, freehold and leasehold investment properties are included in the balance sheet at fair value, and are not depreciated. Leasehold improvements are amortised over the period of the underlying lease.

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

#### **Disposal of Investments**

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

#### **Property Income**

Property Income represents the value of accrued charges under operating leases for rental of the Group's properties. Revenue is measured at the fair value of the consideration received. All income is derived in the United Kingdom.

#### **Taxation**

The tax expense represents the sum of current tax 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 balance sheet date, and any adjustment to tax payable in respect of prior years. Taxable profit differs from income before tax as reported in the income statement 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 balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences (including unrealised gains on revaluation of investment properties) and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the income statement, including deferred tax on the revaluation of investment property.

#### **Investments**

Investments in subsidiaries are stated at cost less provision for impairment. Quoted investments are recognised as held at fair value, and are measured at subsequent reporting dates at fair value, which is either at the bid price, or the latest traded price, depending on the convention of the exchange on which the investment is quoted. Changes in fair value are recognised in the income statement.

#### **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, repayable on demand and which are subject to an insignificant risk of change in value.

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2009

#### **Trade and other accounts payable**

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

#### **Comparative information**

The information for the year ended 25 March 2008 has been extracted from the latest published audited financial statements.

#### **Pensions**

Pension contribution towards employees' personal pension plans are charged to the income statement as incurred.

#### **Financial Instruments**

Derivative financial instruments are initially measured at fair value at the contract date entered into, and subsequently measured to their fair value at each balance sheet date. Embedded derivatives are recognised separately on the balance sheet, when not closely related to the host contract. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2009

<b>2. PROPERTY COSTS</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Rents Payable	4	5
Repairs, Insurance, Rates, etc	–	8
Property Management	<u>5</u>	<u>28</u>
	<b>9</b>	<b>41</b>
Legal Fees	17	13
Agents Fees	71	38
	<u>97</u>	<u>92</u>

<b>3. ADMINISTRATIVE COSTS</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Rents payable – operating lease rentals	15	7
General Administration, including Staff costs	377	487
Auditors' Remuneration: Audit	33	29
Tax services	4	17
Consultancy	–	5
Depreciation and Amortisation	1	9
	<u>430</u>	<u>554</u>

Included within General Administration costs above are pension payments made to a former Director of £5,724 (2008: £5,400).

<b>4. STAFF COSTS</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs, including Directors, during the year were as follows:		
Wages and Salaries	169	253
Social Security Costs	18	26
Other Pension Costs	14	17
	<u>201</u>	<u>296</u>
Details of Directors' emoluments, totalling £176,796 (2008 - £205,498), are shown in the Report of the Directors on page 8.		
	<b>No.</b>	<b>No.</b>
The average number of employees, including Directors, engaged wholly in management and administration was:	<u>5</u>	<u>5</u>
Number of Directors for whom the Company paid pension benefits:	<u>1</u>	<u>1</u>

**WYNNSTAY PROPERTIES PLC**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2009

<b>5. FINANCE COSTS (NET)</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable on bank loans	424	229
Less: Bank Interest receivable	(41)	(38)
	<u>383</u>	<u>191</u>
<b>6. TAXATION</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
(a) Analysis of the tax credit for the year		
UK Corporation tax at 28% (2008: 30%)	229	232
Deferred tax – timing differences	(713)	(328)
– Write back of IBAs	–	(155)
Total tax credit for the year	<u>(484)</u>	<u>(251)</u>
(b) Factors affecting the tax credit for the year:		
Net (Loss)/income before taxation	<u>(4,457)</u>	<u>727</u>
Current year:		
Corporation tax thereon at 28% (2008: 30%)	(1,248)	218
Expenses not deductible for tax purposes	16	9
Excess of capital allowances over depreciation	(45)	(15)
Investment loss not taxable	805	(287)
Marginal Rate Relief	(12)	(21)
Write back of IBAs	–	(155)
	<u>(484)</u>	<u>(251)</u>

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2009

#### 7. DIVIDENDS

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Final dividend paid in year of 6.85 p per share (2008: 6.45p per share)	<b>216</b>	204
Interim dividend paid in year of 2.75 p per share (2008: 2.6p per share)	<b>87</b>	82
	<u><b>303</b></u>	<u>286</u>

The Board recommends the payment of a final dividend of 7.25 per share, which will be recorded in the Financial Statements for the year ending 25th March 2010.

#### 8. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing Net (Loss)/Income after Taxation attributable to Ordinary Shareholders of £3,973,000 (2008: profit £978,000) by the weighted average number of 3,155,267 ordinary shares in issue during the period (2008: 3,155,267). There are no instruments in issue that would have the effect of diluting earnings per share.

Normalised earnings per share would have been calculated by deducting profit on disposal of investment properties of £nil (2008: £nil), from net income after taxation attributable to Ordinary Shareholders and dividing the resulting figure by the same weighted average number of shares in issue for each year.

#### 9. INVESTMENT PROPERTIES

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>Group and Company</b>		
<b>Cost</b>		
Balance at 25th March 2008	<b>21,380</b>	21,515
Additions	<b>4,786</b>	–
Revaluation (deficit)	<b>(5,421)</b>	(135)
Balance at 25th March 2009	<u><b>20,745</b></u>	<u>21,380</u>

The Group's freehold investment properties were valued at £20,745,000 by Independent Valuers, Sanderson Weatherall, Chartered Surveyors, as at 25th March 2009, in accordance with the RICS Appraisal and Valuation Standards, on the basis of Market Value, defined as:

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

Freehold investment properties would have been shown at an historical cost of £17,270,000 (2008: £12,484,000) if revaluations had not been undertaken.

**WYNNSTAY PROPERTIES PLC**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2009

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

<b>Group and Company</b>	<b>Vehicles and Equipment Cost £'000</b>	<b>2009 Total £'000</b>	<b>2008 Total £'000</b>
<b>Cost</b>			
Balance at 25th March 2008	47	47	69
Additions	–	–	5
Disposals	–	–	(27)
Balance at 25th March 2009	<u>47</u>	<u>47</u>	<u>47</u>
<b>Depreciation</b>			
Balance at 25th March 2008	36	36	54
Charge for the Year	1	1	9
Disposals	–	–	(27)
Balance at 25th March 2009	<u>37</u>	<u>37</u>	<u>36</u>
<b>Net Book Value at 25th March 2009</b>	<u>10</u>	<u>10</u>	
Net Book Value at 25th March 2008	<u>11</u>	<u>11</u>	

**11. OPERATING LEASES RECEIVABLE**

	<b>2009 £'000</b>	<b>2008 £'000</b>
The future minimum lease payments receivable under non-cancellable operating leases which expire:		
Not later than one year	70	112
Between 2 and 5 years	4,046	2,825
Over 5 years	2,095	2,575
	<u>6,211</u>	<u>5,512</u>

Rental Income recognised in the income statement amounted to £1,874,000 (2008: £1,565,000)

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 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 2009

	<b>Company</b>	
	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>12. INVESTMENT IN SUBSIDIARY</b>		
Shares at Cost, 25th March 2009 and 2008 (Note 20)	–	–

In November 2008, the company passed a resolution to strike off the dormant subsidiary company Wynnstay Developments Ltd.

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>13. INVESTMENTS</b>				
Quoted Investments	3	3	3	3

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>14. ACCOUNTS RECEIVABLE</b>				
Trade debtors	62	101	62	101
Prepayments	39	51	39	51
	<b>101</b>	<b>152</b>	<b>101</b>	<b>152</b>

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>15. ACCOUNTS PAYABLE</b>				
Other Taxation and Social Security Costs	46	27	46	27
Accruals and Deferred Income	736	530	736	530
	<b>782</b>	<b>557</b>	<b>782</b>	<b>557</b>

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>16. LOANS PAYABLE</b>				
Repayable on 17 December 2013	£'000	£'000	£'000	£'000
Bank Loan	<b>7,900</b>	<b>3,600</b>	<b>7,900</b>	<b>3,600</b>

Interest has been fixed at 6.4% per annum on £3,600,000 of the bank loan until 31st March 2011, with interest on the outstanding balance of the bank loan being at a variable rate of 1.25% per annum over LIBOR. The fixed rate is achieved by the Company entering into an embedded derivative as a hedge against the fixed element of the loan at a swap rate of 2.61% to which was added a margin of 3.79% bringing the total to a rate of 6.4%. The fair value of the financial instrument amounts to £30,000 and has not been recognised on grounds of materiality.

The loan facility is secured by fixed charges over a number of freehold land and buildings owned by the Group, which at the year end had a combined value of £13,270,000. The undrawn element of the loan facility available at 25th March 2009 was £600,000.

The loan facility is also secured over cash deposits of £600,000 included in cash and cash equivalents.

The Company's performance criteria with the bank is: a) rental income not less than 1.7 times interest paid for any given period and, b) loan to value ratio not to exceed 60% of the market value of the properties charged.

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2009

#### 17. DEFERRED TAX

Under IAS 12 Income Tax, provision is made for the deferred tax liability associated with the revaluation of investment properties. The Group provides for deferred tax on investment properties by reference to the tax that would be due on the sale of investment properties by applying the corporation tax rate of 28% (2008: 28%) to the revaluation surplus after indexation allowance.

<b>Group and Company</b>	<b>Deferred Tax on property revaluation £'000</b>
At 26th March 2008	693
Writeback of provision no longer required	(713)
At 25th March 2009	<u>(20)</u>

<b>18. SHARE CAPITAL</b>	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Ordinary Shares of 25p each:				
Authorised	2,000	2,000	2,000	2,000
Allotted, Called Up and Fully Paid	789	789	789	789

All shares rank equally in respect of Shareholder rights.

#### 19. FINANCIAL INSTRUMENTS

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

At 25th March 2009 the Group's financial instruments comprised borrowings and cash at bank and in hand, but excluded short term receivables and short term payables. The main purpose of these financial instruments was to raise finance for the Group's operations. Throughout the period under review, the Group has not traded in any other financial instruments and the fair value of the Group's financial assets and liabilities at 25th March 2009 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:

##### **Interest Rate Risk**

The Company entered into an embedded derivative on December 18th 2008 as a hedge against the fixed element of its bank borrowing facility at a swap rate of 2.61% to which was added a margin of 3.79%, bringing the total to a rate of 6.4%. The fair value of the financial instrument amounting to £30,000 has not been recognised on the grounds of materiality.

The Group finances its operations through a combination of retained profits and bank borrowings. The Group's policy is to borrow at fixed and floating rates of interest. As disclosed in note 16, interest was fixed on £3,600,000 of the Group's bank borrowings until 31st March 2011.

##### **Credit Risk**

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

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

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2009

#### 19. FINANCIAL INSTRUMENTS (continued)

The Group 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 exist to the extent that at 25th March 2009 and 2008, current account and short term deposits were almost entirely held with one financial institution, Svenska Handelsbanken AB (2008: N.M. Rothschild & Sons Limited). Maximum exposure to credit risk on cash and cash equivalents at 25th March 2009 was £ 1,119,000 (2008: £888,000).

#### Price Risk

The Group's exposure to changing market prices on the value of financial instruments may have an impact on the carrying value of financial instruments and would arise principally as a result of entering into transactions to fix interest rates on the Group's borrowings.

As the Group's assets and liabilities are denominated in Pounds Sterling, there is currently no exposure to currency risk. The interest rate profile of the Group's financial liabilities was as follows:

	2009	2008
	£'000	£'000
Floating rate borrowings	(4,300)	–
Less: Cash balances	1,119	888
	(3,181)	888

#### Interest Rate Risk

The interest rate profile of the Group's financial assets was as follows:

	2009	2008
	£'000	£'000
Fixed rate	–	–
Floating rate	1,119	888
	1,119	888

Floating rate financial assets comprise cash and short term deposits at call and money market rates for up to 30 days and institutional cash funds.

The maturity of the Group's financial liabilities was as follows:

	2009	2008
	£'000	£'000
In more than two years but not more than five	7,900	3,600
	7,900	3,600

A comparison of book values and fair values of the Group's financial assets and liabilities is set out below:

	2009	2009	2008	2008
	Book	Fair	Book	Fair
	Value	Value	Value	Value
	£'000	£'000	£'000	£'000
<b>Primary financial instruments</b>				
Interest bearing borrowings (note 16)	(7,900)	(7,900)	(3,600)	(3,600)
Cash and short term deposits	1,119	1,119	888	888
Total	(6,781)	(6,781)	(2,712)	(2,712)

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2009

#### 19. FINANCIAL INSTRUMENTS (continued)

##### Liquidity Risk

As regards liquidity, the Group has ensured continuity of funding, so that the majority of its borrowings should mature more than one year hence. Cash at bank and in hand at 25th March 2009 amounted to £1,119,000. Details of the Company's bank borrowings are set out in note 16.

##### Market Rate Sensitivity

Financial instruments affected by market risk include borrowings and cash deposits. The analysis below shows the sensitivity of the income statement and net assets to a change in interest rates of 0.5% on the Group's financial instruments.

	<b>0.5% decrease in interest rates</b>		<b>0.5% increase in interest rates</b>	
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Impact on net interest payable - gain/(loss)	<b>22</b>	19	<b>(22)</b>	(19)
Impact on net interest receivable - gain/(loss)	<b>(6)</b>	(3)	<b>6</b>	3
Total impact on pre tax profit and equity	<u><b>16</b></u>	<u>16</u>	<u><b>(16)</b></u>	<u>(16)</u>

##### Capital Management

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

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

Capital comprises shareholders equity plus net borrowings. The Group monitors capital using loan to value and gearing ratios. The former is calculated by reference to total net debt as a percentage of the year end valuation of the investment property portfolio. Gearing ratio is the percentage of net borrowings divided by shareholders equity. Net borrowings comprises total borrowings less cash and cash equivalents.

The Group's policy is that the loan to value ratio should not exceed 60% and that the gearing ratio should not exceed 100%. The policy complies with a loan covenant that limits the borrowings to not more than 60% of the value of the underlying security.

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Borrowings	<b>7,900</b>	3,600
Cash balances	<b>(1,119)</b>	(888)
Net borrowings	<u><b>6,781</b></u>	<u>2,712</u>
Shareholders equity	<b>13,087</b>	17,363
Investment properties	<u><b>20,745</b></u>	<u>21,380</u>
Loan to value ratio	<u><b>32.7%</b></u>	<u>12.7%</u>
Gearing ratio	<u><b>51.8%</b></u>	<u>15.6%</u>

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2009

#### 20. SUBSIDIARY COMPANY

	Class of Shares	Percentage Held
Wynnstay Developments Ltd.	Ordinary	100%

The above subsidiary company is incorporated in England and is engaged in property investment, management and development. A resolution was passed in November 2008 for the above company for an application to be made to the Registrar of Companies to have the company struck off the Register.

#### 21. CONSOLIDATED CASH FLOW STATEMENT

Analysis of Net Debt	25th March 2009 £'000	Cash Movement £'000	26th March 2008 £'000
Cash and cash equivalents	1,119	231	888
Debt due after more than one year	(7,900)	(4,300)	(3,600)
Net Debt	<u>(6,781)</u>	<u>(4,069)</u>	<u>(2,712)</u>

#### 22. COMMITMENTS UNDER OPERATING LEASES

Future rental commitments at 25th March 2009 under non-cancellable operating leases are as follows:

	Group £'000	Company £'000
Within 1 year	15	15
More than 5 years hence	25	25
	<u>40</u>	<u>40</u>

**WYNNSTAY PROPERTIES PLC**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2009

**23. 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 March 25th 2009, I.F.M. Consultants Ltd was paid £61,100 (2008:£28,000). There were no other related party transactions other than with the Directors, which have been disclosed under Directors' Emoluments in the Report of the Directors on page 8.

**24. SEGMENTAL REPORTING**

	Industrial		Retail		Office		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Rental Income</b>	<b>1,231</b>	1,016	<b>346</b>	330	<b>297</b>	219	<b>1,874</b>	1,565
Loss on property investments at fair value	(3,513)	35	(990)	(415)	(918)	245	(5,421)	(135)
Total income and losses	(2,282)	1,051	(644)	(85)	(621)	464	(3,547)	1,430
Segment expenses	(97)	(92)	-	-	-	-	(97)	(92)
<b>Segment (loss)/profit</b>	<b>(2,379)</b>	959	<b>(644)</b>	(85)	<b>(621)</b>	464	<b>(3,644)</b>	1,338
Unallocated corporate expenses							(430)	(555)
Operating (loss)/income							(4,074)	783
Interest expense (all relating to property loans)							(424)	(229)
Interest income and other income							41	173
<b>(Loss)/income before taxation</b>							<b>(4,457)</b>	<b>727</b>
<b>Other information</b>								
	2009	2008	2009	2008	2009	2008	2009	2008
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Segment assets	<b>13,540</b>	12,268	<b>4,195</b>	5,185	<b>3,010</b>	3,928	<b>20,745</b>	21,380
Segment assets held as security	<b>6,390</b>	8,065	<b>4,195</b>	5,185	<b>2,685</b>	2,235	<b>13,270</b>	15,485

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

	IFRS			UK GAAP	
	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
<b>Years Ended 25th March:</b>					
<b>PROFIT AND LOSS ACCOUNT</b>					
Property Income	1,874	1,565	1,536	1,577	1,693
Profit before Revaluation and Disposal of Investment Properties and Taxation	964	862	568	553	650
Net (Loss)/Income before Taxation	(4,457)	727	4,209	553	1,093
Net (Loss)/Income after Taxation	(3,973)	978	3,745	385	850
<b>BALANCE SHEET</b>					
Investment Properties	20,745	21,380	21,515	20,345	18,740
Equity Shareholders' Funds	13,087	17,363	16,671	13,637	11,900
<b>PER SHARE</b>					
Basic earnings	(125.9)	31.0	118.7p	12.2p	26.9p
Dividends paid and proposed	10.00p	9.45p	8.9p	8.3p	8.0p
Net Asset Value – IFRS	414p	550p	528p	418	369
Net Asset Value – U.K. GAAP	414p	572p	561p	432p	377p

Note:

Equity Shareholders Funds and Net Asset Value per share shown above for the years 2005 – 2007 has been restated to reflect the change to IFRS from GAAP.

Equity Shareholders' Funds and Net Asset Value per share shown above for the year 2005 has been restated in accordance with the Provisions of FRS 21 in respect of dividend accounting.

## WYNNSTAY PROPERTIES PLC

### NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the one hundred and twenty-third ANNUAL GENERAL MEETING of the Members of Wynnstay Properties PLC will be held at The Royal Automobile Club, 89 Pall Mall, London SW1Y 5HS on Wednesday, 15th July 2009, at 12.00 noon to transact the following business:

#### ORDINARY BUSINESS

1. To adopt the Report of the Directors and the Financial Statements for the year ended 25th March 2009.
2. To declare a final dividend for the year ended 25th March 2009.
3. To fix the remuneration of the Directors.
4. To re-appoint 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 T. J. Nagle, who retires and offers himself for re-election.

#### SPECIAL BUSINESS

7. To consider and, if thought fit, to pass the following resolution as a special resolution:  
That the Articles of Association produced to the meeting and initialled by the Chairman for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association of the Company.

Registered Office:  
18 Southampton Place  
London WC1A 2AJ

By Order of the Board,  
T. J. C. Parker  
*Secretary.*  
18th June 2009

#### 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 13th July 2009 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 13th July 2009 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.
5. The material differences between the existing Articles of Association of the Company and the new Articles of Association are summarised in the appendix to the Report of the Directors and Financial Statements of the Company for the year ended 25th March 2009.

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

**Philip G.H. Collins (Non-Executive Chairman)** aged 61, is a Solicitor and was appointed Chairman of the Office of Fair Trading from 1st October 2005, prior to which he was a partner in an international firm based in the City where he specialised in E.U. law, with particular emphasis on competition issues. Previously, after practising for some years in the corporate and commercial field, he was seconded for a period to work as Chief Legal Adviser in an industrial group. Appointed a Director of Wynnstay Properties in 1988 and elected Chairman in October 1998.

**Christopher Paul Williams (Managing Director)** aged 51 is a Chartered Surveyor and holds a Degree in Land Management as well as an MBA. He has spent his entire career in commercial property including, latterly, a fourteen year period with MEPC where he held a number of senior positions. Paul has also worked for Lloyds TSB, Legal & General, GE Pensions and Credit Suisse Asset Management and joined Wynnstay Properties as Managing Director in February 2006.

**Charles H. Delevingne (Non-Executive)** aged 59. 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 to the Board in June 2002.

**Terence J. Nagle (Senior Independent Non-Executive)** aged 66, 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 54, 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.

## **Appendix – New Articles of Association**

The Company's current articles of association (the "Existing Articles") originated at the incorporation of the Company in 1886, and have been amended in various ways since then. Developments in the law, including the coming into force of the Companies Act 2006 (the "2006 Act"), together with changes in the practice of running companies and the technology available, now make it necessary to adopt new articles of association (the "New Articles").

The material differences between the Existing Articles and the New Articles are summarised below. Changes of a minor, conforming or purely technical nature have not been mentioned specifically.

Copies of the Existing Articles and the New Articles are available for inspection during normal business hours at the registered office of the Company until the date of the Annual General Meeting or upon request of the Company Secretary. Copies will also be available at the Annual General Meeting from fifteen minutes before the meeting until its conclusion.

### **1. Provisions relating to electronic communications**

The 2006 Act contains provisions relating to electronic communications between companies and their shareholders. The key change enables companies to use electronic communications with shareholders as the default position by placing documents on a website unless shareholders specifically elect to receive hard copies. Shareholders may elect for all or any communications to be sent to them via email rather than receiving documents in hard copy form and shareholders may communicate with the Company by electronic means where the Company has given an electronic address in a notice calling a meeting or in an instrument of proxy.

The Company needs to amend its articles to be able to use these provisions in the future, and accordingly provisions are included in the New Articles dealing with notice of general meetings, electronic proxies, sending of notices, documents and information and those provisions about notices and deemed delivery. The Company has no immediate plans to implement these means of communication.

### **2. Disclosure of interests in shares**

Section 793 and related sections in Part 22 of the 2006 Act containing company investigation powers have been brought into force and accordingly the New Articles reflect these powers to request information of shareholders, and give the Company the power to enforce compliance with such requests by restricting voting and dividend rights.

### **3. Directors**

The 2006 Act sets out directors' general duties. The provisions largely codify the existing law, but with some changes. Under the current law, a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company's interests, or otherwise ensure that such conflict is approved by the shareholders in general meeting. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The 2006 Act allows directors of public companies to authorise conflicts and potential conflicts where the articles of association of that company contain a provision to this effect. The New Articles therefore contain provisions which will give the directors authority to approve such conflicts of interest.

There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. Firstly, only independent directors (i.e. those who have no interest in the matter being considered) will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The independent directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

The New Articles also contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the directors in accordance with the 2006 Act.

The New Articles also contain provisions:

- allowing the directors to appoint alternate directors to fulfil their roles
- allowing three-quarters of directors to require the resignation of another director
- updating the provisions regarding the indemnification of officers by the Company to match the requirements of the 2006 Act
- providing for board meetings to be held by telephone

#### **4. Shareholder meetings**

The provisions in the Existing Articles dealing with the convening of general meetings and the length of notice required to convene general meetings have been replaced to conform to the new provisions in the 2006 Act.

In particular, a general meeting to consider a special resolution can be convened on 14 days' notice whereas previously, 21 days' notice was required.

The New Articles also contain provisions:

- providing that the Company may hold a general meeting in more than one place
- changing the quorum requirement from either three or five shareholders as in the Existing Articles to two shareholders
- entitling the directors to attend and speak at shareholder meetings
- providing for 7 days' notice where a meeting is adjourned for more than 30 days
- lowering the criterion for the right to demand a poll to shareholders holding one-tenth of the share capital (rather than one-sixth as provided in the Existing Articles)
- allowing a poll on the election of a chairman or the question of an adjournment, and requiring seven clear days' notice of a poll not taken at the meeting at which it is called

#### **5. Proxies**

The 2006 Act now provides that shareholders can appoint multiple proxies (provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder) and that these proxies can speak at general meetings. The 2006 Act also provides that proxies shall have the same voting rights on a show of hands as shareholders. The New Articles contain provisions which correspond with these changes in the law, and match the Company's current practice with regard to the appointment of proxies and corporate representatives.

#### **6. Other changes**

The New Articles include provisions:

- allowing the directors to recognise the renunciation of any share by a new allottee in favour of another person
- relating to the holding of and transfer of shares held in uncertificated form in CREST
- providing that the minimum period from the notice of enforcement of a lien on a partly-paid share is 14 days (rather than 7 as provided by the Existing Articles)
- allowing the board to accept the surrender of a share which it is in a position to forfeit
- limiting the circumstances in which a director can refuse to register the transfer of shares

- allowing the board to withhold dividends until a person who becomes entitled to shares by death or bankruptcy elects whether to be registered himself or to transfer the shares
- allowing any shareholder at a class meeting to demand a poll
- allowing the forfeiture of unclaimed dividends, retention of dividends and bonuses payable on shares over which the Company has a lien, and the right to stop sending dividends where they are uncashed or undelivered
- giving the Company the ability to destroy old documents
- giving the Company power to dispose of the holdings of shareholders untraced for twelve years

## Notes

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