

# WYNNSTAY PROPERTIES PLC

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## CHAIRMAN'S STATEMENT REPORT OF THE DIRECTORS and FINANCIAL STATEMENTS YEAR ENDED 25TH MARCH 2016

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TUESDAY



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COMPANIES HOUSE

**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 LLP  
Riverbank House, 2 Swan Lane, London EC4R 3TT

**NOMINATED ADVISER & BROKER**

PANMURE GORDON & CO  
One New Change, London EC4M 9AF

**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 2016**

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	2 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 Industrial Units
Lewes	Brooks Road	2 Retail Units
Liphook	Beaver Industrial Estate	17 Industrial 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

I am pleased to be able to report to you on another successful year in the long life of Wynnstay a year in which there have been some very significant developments to which I refer below

#### Overview of financial performance

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

	Change	2016	2015
• Property income	6.9 %	£1,778,000	£1,663,000
• Profit before gain on sale and movement in fair value of properties and taxation	(-2.3 %)	£878,000	£899,000
• Earnings per share	15.6p	66.2p	81.8p
• Dividends per share, paid and proposed	+7.3 %	13.2p	12.3p
• Net asset value per share	+10.1 %	584p	531p
• Net gearing		54.2 %	45.7 %

Property income for the year, at just under £1.8 million, was significantly higher than last year. This increase reflects the income for most of the year from the acquisition of the Beaver Industrial Estate at Liphook in June 2015 which more than made up for the loss of income from the vacant business units at Chessington during their refurbishment and marketing. Profit before fair value movement and taxation for the year, at just over £1,000,000 was higher than in the prior year, largely due to the increase in rental income from Liphook and the profit on the Colchester property disposal mentioned below.

Our annual property revaluation delivered an increase over the value for the prior year and the resulting surplus of £946,000 has contributed to an increase of over 9.7% 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 80 tenants occupying almost 90 separate properties in 20 locations. At the end of the financial year, the portfolio was virtually fully-let, with just two vacant units at Liphook.

We continue to liaise closely with our tenants and as a consequence have experienced considerable tenant loyalty with many tenants having been in occupation for years, respecting the terms of their leases and looking after the properties that they occupy. In return, they know that their dealings with us will be straightforward and fair. Building on these strong, constructive relationships, means that we have generally maintained high levels of occupancy. In addition, we can react flexibly and commercially to tenants' changing needs, as we have done at Aylesford and Chessington in the ways described below.

During the year we have negotiated new leases, lease extensions or lease variations on 9 units at Aylesford, Colchester, Lewes and St Neots with combined annual rentals of £247,000. In addition, we have concluded 5 lettings at Aylesford and Chessington with combined annual rentals of £165,000.

As I reported previously our main focus over the past year has been on the Quarry Wood Industrial Estate in Aylesford, on the refurbishment and reletting of the business units at the Oakcroft Business Centre at Chessington and on the integration of the Beaver Industrial Estate at Liphook into the portfolio.

At Aylesford, I reported at the half-year on the successful completion of negotiations with a number of tenants with a view to facilitating moves within the estate to accommodate their requirements. This resulted in the largest tenant renewing the lease for its main premises, comprising four units, for another five years whilst a unit they had taken on a temporary basis was surrendered and relet to a new tenant at an increased rental. With the reletting of that unit and other units to existing or new tenants the Aylesford estate is now fully let and we have the benefit of an increased rental income stream for a longer period.

We also spent a considerable time during the year exploring the possibility of expanding the estate at Aylesford by adding a number of units on vacant land within the site as well as improving the traffic flow within the site and increasing security for the benefit of tenants and neighbours. In March 2016 we obtained planning permission for five additional units of varying sizes, and designed to be flexible so being either self-contained or capable of amalgamation with existing adjoining units. This scheme would provide an additional 22% of lettable space on the estate as well as creating new car and goods vehicle spaces. Having secured the planning consent we are now well placed to respond positively to existing tenants' future space requirements as well as with enquiries from new potential tenants. However, we do not envisage developing these units speculatively at this stage.

## WYNNSTAY PROPERTIES PLC

### CHAIRMAN'S STATEMENT (continued)

At the Oakcroft Business centre in Chessington, as previously reported, two of the three units were vacated by the tenant on the expiry of the leases at the end of our last financial year following the disposal of a part of the tenant's business. We negotiated a satisfactory cash settlement with them regarding dilapidations and then carried out an extensive refurbishment funded by the settlement monies received. The works were completed by our contractors on programme and within budget at the end of September.

I am delighted to report that shortly after the refurbishment was finished we successfully completed the letting of the two vacant units to the existing tenant of the third unit at the Business Centre for new five-year leases on each unit, subject to a single tenant break (with compensation payable to us if exercised), as well as the extension of the lease of their present unit. We will receive increased rents over those previously paid and the leases will all be held by the property holding subsidiary of the large French defence and electronics company which acquired the present tenant some years ago. Hence, we have secured occupation of all three units, at higher rents and with an enhanced tenant covenant. The financial benefit of the new terms will begin to flow through in the present year.

I reported on the detail of the acquisition at Liphook at the half-year and that we had let one of the three vacant units. Whilst there has been some interest, the other two units remained vacant at the year-end. Indeed, they are the only vacancies in the portfolio at the time of writing.

Shortly before the year-end we completed the sale of two of our four retail units in Colchester to a single owner-occupier purchaser for £370,000.

I am pleased to report that contracts to purchase four adjoining trade counter and industrial units in Lichfield have recently been exchanged, with completion in the near future. The acquisition price of £1.95million will be funded from our own cash resources together with a new additional facility of £1.34million from our bankers. Further details will be provided with the interim results in November and in our accounts for the year, in due course.

#### Portfolio Valuation

As at 25 March 2016, our Independent Valuers, BNP Paribas Real Estate, have undertaken the annual revaluation of the company's portfolio at £25,230,000 representing, as already mentioned, a revaluation surplus of £946,000. The Board considers this to be an excellent outcome reflecting the improved lease profile and enhanced covenants within the portfolio.

Following the revaluation and the sale at Colchester, as at the year-end, the industrial sector within the portfolio accounted for 64% by value, with the retail and office elements comprising 20% and 16% respectively.

#### Borrowings and Gearing

Total borrowings at the year-end were just under £10 million (2015 - £7.6 million) and net gearing at the year-end was 54.2% compared to 45.7% last year. The increased borrowings reflect the drawdown under our existing facility used to purchase the Beaver Industrial Estate at Liphook.

We continue to benefit from interest rates remaining at an historic low level and for a much longer period than most experts have predicted. Whilst the position may change, and could always change quite quickly, it still seems that experts consider that any increases in rates are still some way off and will be in relatively small steps. Moreover, it remains the case that 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 higher than in the prior year as we invested in some improvements jointly with tenants, which are generally reflected in better lease terms and increased rents. These costs remain under strict control, as do our administrative costs, which were also somewhat higher due to the professional valuation and legal fees resulting from transactions during the year.

#### Dividend

In the light of the satisfactory results for the year, the Board is recommending a total dividend for the year of 13.2p per share (2015 - 12.3p). An increased interim dividend of 5.0p per share (2015 - 4.5p) was paid in December 2015. Accordingly, subject to approval of Shareholders at the Annual General Meeting, a final dividend of 8.2p per share (2015 - 7.8p) will be paid on 22nd July 2016 to Shareholders on the register on 24th June 2016.

The increase in dividends this year should not be taken as any 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.

## WYNNSTAY PROPERTIES PLC

### CHAIRMAN'S STATEMENT (continued)

#### Outlook

The greatly improved economic conditions and prospects in the UK that appeared at about the time of, and following, the general election now seem to have been tempered by a number of significant uncertainties arising from different directions – political, security and budgetary – as well as from international trade and the global economy. Despite these uncertainties, published figures show continued UK economic growth and rising employment and healthy consumer spending.

We are encouraged by the progress that Wynnstay has made over the past few years and will continue to explore opportunities to grow both the income and the capital value of the portfolio, including by further acquisition.

#### Our Management Team

Our two executive directors – Paul Williams, our Managing Director who during the year completed 10 years service with Wynnstay, and Toby Parker, our Finance Director – are responsible for the day-to-day management of Wynnstay and they carry out their functions with great skill and using their considerable experience and knowledge of both the portfolio and the commercial property world. In the light of the performance of the Company over the recent years, the non-executive Directors decided to award them each a bonus in the form of a contribution to their pension schemes. The bonus in the case of Paul is £30,000 and in the case of Toby is £5,000. The bonuses are reflected in the accounts for the last year.

For the present and future years, we are establishing a more structured performance-related bonus scheme. We also propose to introduce a straightforward HMRC-approved Share Incentive Plan which will enable the management team, if they wish, to acquire a small number of additional shares in Wynnstay, thus participating in future growth, in a tax-efficient manner.

#### Colleagues and Advisers

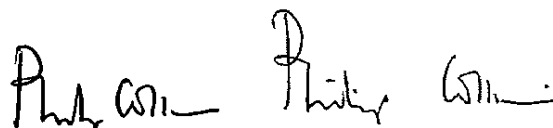
The two executive directors and I, as your Chairman, also benefit from the extensive knowledge and experience in commercial property of our two non-executive directors – Charles Delevingne and Terence Nagle. I would like to thank all four of them, as well as our advisers, for their contributions over the past year.

#### Unsolicited approaches to Shareholders

Advances in communications and technology bring great benefits. But they also provide opportunities for unscrupulous criminals to seek access to personal information in order to steal an individual's financial assets. There have been several recent cases reported in the press. One form of this fraud is unsolicited telephone approaches to shareholders about their investments in which the caller mentions individual holdings, such as Wynnstay Properties. There is nothing that we can do to detect or stop these approaches and I would urge all shareholders to be vigilant. On Wynnstay's website ([www.wynnstayproperties.co.uk](http://www.wynnstayproperties.co.uk)), shareholders will also find a warning and a link to other information about unsolicited approaches regarding shares on the Financial Conduct Authority's website ([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 Wednesday 13th July 2016. As always, I urge Shareholders to come to London for this event so that they can meet the Board and other Shareholders informally to discuss the Company's affairs as well as to take part in the formal annual meeting.



Philip G H Collins  
Chairman

13 June 2016

## WYNNSTAY PROPERTIES PLC

### REPORT OF THE DIRECTORS 2016

The Directors present their One Hundred and Thirtieth Annual Report, together with the audited Financial Statements of the Company for the year ended 25th March 2016

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 £1,796,000 (2015 £2,219,000). 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

In early June the Company exchanged contracts to purchase four adjoining trade counter and industrial units in Lichfield, with completion due in the near future. The acquisition price of £1.95million will be funded from an additional facility of £1.34million from our bankers and our own cash resources.

#### Dividends

The Directors have decided to recommend a final dividend of 8.2 pence per share for the year ended 25th March 2016 payable on 22nd July 2016 to those shareholders on the register on 24th June 2016. This dividend, together with the interim dividend of 5.0 pence paid on 10th December 2015, represents a total for the year of 13.2 pence (2015 – 12.3 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.

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.

## WYNNSTAY PROPERTIES PLC

### REPORT OF THE DIRECTORS 2016 (continued)

#### Directors

The Directors holding office during the financial year under review and their beneficial and non-beneficial interests in the ordinary share capital of the Company at 25th March 2016 and 25th March 2015 are shown below

		Ordinary Shares of 25p	
		25 3.16	25 3 15
P G H Collins	Non-Executive Chairman	850,836	850,836
C P Williams	Managing Director	9,412	9,412
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	15,250	9,250

The interests shown above in respect of Mr P G H Collins include non-beneficial interests of 217,983 shares at 25th March 2016 and 2015

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

In accordance with the Company's Articles of Association, Mr T J C Parker retires by rotation and, being eligible, offers himself for re-election.

Brief biographies of each of the Directors appear on page 36.

#### Directors' Emoluments

Directors' emoluments for the year ended 25th March 2016 are set out below -

	Salaries	Fees	Pension	Benefits	Total 2016	Total 2015
P G H Collins	-	33,528	-	-	33,528	32,551
C P Williams	109,867	11,994	40,987	3,081	165,929	131,774
C H Delevingne	-	11,994	-	-	11,994	11,645
T J Nagle	-	11,994	-	-	11,994	11,645
T J C Parker	-	11,994	5,000	-	16,994	11,645
<b>Total 2016</b>	<b><u>£109,867</u></b>	<b><u>£81,504</u></b>	<b><u>£45,987</u></b>	<b><u>£3,081</u></b>	<b><u>£240,439</u></b>	
<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>

The Company has made ex gratia payments into the respective pension schemes of the two executive members of the board to reflect their endeavours over recent years.

A company owned and controlled by Mr T J C Parker, was paid a fee of £41,617 (2015: £40,404) for services rendered during the year (see note 20).

#### 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 2016 (continued)

#### Substantial Interests

As at 9th June 2016, 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 2016	Percentage of Issued Share Capital 2015
Mr P G H Collins	850,836	31.38%	31.38%
Mr D Gibson	94,878	3.5%	2.51%
Mr G Gibson	239,192	8.82%	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, with the non-executive Directors determining the remuneration of the executive Directors, and 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 2016 (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 Wednesday 13th July 2016, is set out on page 35.

By Order of the Board,  
T J C Parker  
Secretary



13 June 2016

## WYNNSTAY PROPERTIES PLC

### STRATEGIC REPORT 2016

The Directors present their Strategic Report for the year ended 25th March 2016

#### 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:

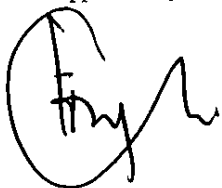
- Increase in rental income 6.9% (2015 increase of 3.4%)
- Increase in net asset value per share 10.1% (2015 increase of 15.2%)

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



13 June 2016

**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 2016 which are set out on pages 13 to 33. 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 2016 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

13 June 2016

**WYNNSTAY PROPERTIES PLC**  
**STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 25TH MARCH 2016**

	Notes	2016	2015
		£'000	£'000
Property Income		1,778	1,663
Property Costs	2	(122)	(87)
Administrative Costs	3	(462)	(414)
		<u>1,194</u>	<u>1,162</u>
Movement in Fair Value of Investment Properties	9	946	1,530
Profit on Sale of Investment Property		127	–
Operating Income		<u>2,267</u>	<u>2,692</u>
Investment Income	5	4	2
Finance Costs	5	(320)	(265)
Income before Taxation		<u>1,951</u>	<u>2,429</u>
Taxation	6	(155)	(210)
Income after Taxation		<u><u>1,796</u></u>	<u><u>2,219</u></u>
Basic and diluted earnings per share	8	66 2p	81 8p

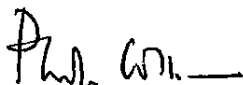
The company has no items of other comprehensive income

**WYNNSTAY PROPERTIES PLC**  
**STATEMENT OF FINANCIAL POSITION 25TH MARCH 2016**

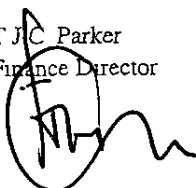
	Notes	2016 £'000	2015 £'000
<b>Non Current Assets</b>			
Investment Properties	9	25,230	21,780
Investments	12	<u>3</u>	<u>3</u>
		25,233	21,783
<b>Current Assets</b>			
Accounts Receivable	13	319	489
Cash and Cash Equivalents		<u>1,383</u>	<u>1,050</u>
		1,702	1,539
<b>Current Liabilities</b>			
Accounts Payable	14	(941)	(1,086)
Income Taxes Payable		<u>(180)</u>	<u>(225)</u>
		(1,121)	(1,311)
<b>Net Current Assets</b>		<u>581</u>	<u>228</u>
<b>Total Assets Less Current Liabilities</b>		25,814	22,011
<b>Non-Current Liabilities</b>			
Bank Loans Payable	15	(9,972)	(7,621)
Deferred Tax Payable	16	<u>(3)</u>	<u>-</u>
		(9,975)	(7,621)
<b>Net Assets</b>		<u>15,839</u>	<u>14,390</u>
<b>Capital and Reserves</b>			
Share Capital	17	789	789
Treasury Shares		<u>(1,570)</u>	<u>(1,570)</u>
Share Premium Account		1,135	1,135
Capital Redemption Reserve		205	205
Retained Earnings		<u>15,280</u>	<u>13,831</u>
		15,839	14,390

Approved by the Board and authorised for issue on June 2016<sup>13</sup>

P G H Collins  
Chairman



T J C Parker  
Finance Director



**WYNNSTAY PROPERTIES PLC**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 25TH MARCH 2016**

	2016 £'000	2015 £'000
<b>Cashflow from operating activities</b>		
Income before taxation	1,951	2,429
Adjusted for		
Amortisation of deferred finance costs	9	–
Increase in fair value of investment properties	(946)	(1,530)
Interest income	(4)	(2)
Interest expense	320	265
Profit on disposal of investment properties	(127)	–
Changes in		
Trade and other receivables	171	(221)
Trade and other payables	(146)	210
Cash generated from operations	<u>1,228</u>	<u>1,151</u>
Income taxes paid	(197)	(221)
Interest paid	(320)	(255)
Net cash from operating activities	<u>711</u>	<u>675</u>
<b>Cashflow from investing activities</b>		
Interest and other income received	4	2
Purchase of investment properties	(2,739)	(1,735)
Sale of investment properties	362	–
Net cash from investing activities	<u>(2,373)</u>	<u>(1,733)</u>
<b>Cashflow from financing activities</b>		
Dividends paid	(347)	(328)
Drawdown on bank loans	2,342	1,660
Net cash from financing activities	<u>1,995</u>	<u>1,332</u>
Net increase in cash and cash equivalents	333	274
Cash and cash equivalents at beginning of period	1,050	776
Cash and cash equivalents at end of period	<u>1,383</u>	<u>1,050</u>

WYNNSTAY PROPERTIES PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 25th MARCH 2016

YEAR ENDED 25th MARCH 2016

	Share Capital £ 000	Capital Redemption Reserve £ 000	Share Premium Account £ 000	Treasury Shares £ 000	Retained Earnings £ 000	Total £ 000
Balance at 26th March 2015	789	205	1,135	(1,570)	13,831	14,390
Total comprehensive income for the year	-	-	-	-	1,796	1,796
Dividends – note 7	-	-	-	-	(347)	(347)
Balance at 25th March 2016	<u>789</u>	<u>205</u>	<u>1,135</u>	<u>(1,570)</u>	<u>15,280</u>	<u>15,839</u>

YEAR ENDED 25TH MARCH 2015

	Share Capital £ 000	Capital Redemption Reserve £ 000	Share Premium Account £ 000	Treasury Shares £ 000	Retained Earnings £ 000	Total £ 000
Balance at 26th 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)
Balance at 25th March 2015	<u>789</u>	<u>205</u>	<u>1,135</u>	<u>(1,570)</u>	<u>13,831</u>	<u>14,390</u>

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2016

#### 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 2016

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 and adopted by the EU that are relevant to the operations and effective for accounting periods beginning on or after 26th March 2015. The adoption of these interpretations and revised standards had the following impact on the disclosures and presentation of the financial statements:

##### IAS 40 Investment Property

The amendment to the standard clarifies that judgement is required over whether the acquisition of an investment property is an acquisition of an asset or a business combination that falls within the scope of IFRS 3. The amendment will prospectively impact the accounting treatment for the acquisition of investment property which falls under the scope of business combinations.

The Company has evaluated its investment property acquisitions during the year ended 25th March 2016 and have not identified any transactions which fall within the scope of business combinations. The investment properties acquired during the year are disclosed in note 9.

##### (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. The following standards may have a minor impact:

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2016

#### *IFRS 9 Financial Instruments*

The standard makes substantial changes to the measurement of financial assets and financial liabilities and derecognition of financial assets. There will only be three categories of financial assets whereby financial assets are recognised at either fair value through profit and loss, fair value through other comprehensive income or measured at amortised cost. On adoption of the standard, the Group 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.

The principal change to the measurement of financial assets measured at amortised cost or fair value through other comprehensive income is that impairments will be recognised on an expected loss basis compared to the current incurred loss approach. As such, where there are expected to be credit losses these are recognised in profit or loss. For financial assets measured at amortised cost the carrying amount of the asset is reduced for the loss allowance. For financial assets measured at fair value through other comprehensive income the loss allowance is recognised in other comprehensive income and does not reduce the carrying amount of the financial asset.

Most financial liabilities will continue to be carried at amortised cost, however, some financial liabilities will be required to be measured at fair value through profit or loss, for example derivative financial instruments with changes in the liabilities' credit risk recognised in other comprehensive income.

The standard is effective for periods beginning on or after 1 January 2018 but is yet to be endorsed by the EU.

#### *IFRS 15 – Revenue from contracts with customers*

The standard has been developed to provide a comprehensive set of principles in presenting the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is based around five steps in recognising revenue:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price
- Recognise revenue when a performance obligation is satisfied

On application of the standard the disclosures are likely to increase. The standard includes principles on disclosing the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers, by providing qualitative and quantitative information.

The Company has not as yet evaluated the full extent of the impact that the standard will have on its financial statements, however the effect is not considered likely to be material.

The standard is effective for periods beginning on or after 1 January 2018 but is yet to be endorsed by the EU.

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2016

#### IFRS 16 – Leases

The standard makes substantial changes to the recognition and measurement of leases by lessees. On adoption of the standard, lessees, with certain exceptions for short term or low value leases, will be required to recognise all leased assets on their balance sheet as 'right-of-use assets' with a corresponding lease liability. This is likely to significantly increase the asset and liability balances recognised in the balance sheet.

In addition to the re-measurements required, on application of the standard, the disclosures are likely to increase. The standard includes principles on disclosing the nature, amount, timing and variability of lease payments and cash flows, by providing qualitative and quantitative information.

The requirements for lessors are substantially unchanged although the disclosures are also likely to increase.

The Company has not as yet evaluated the full extent of the impact that the standard will have on its financial statements, however the effect is not considered likely to be material.

The standard is effective for periods beginning on or after 1 January 2019 but is yet to be endorsed by the EU.

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2016

#### 12 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.

Investment properties are recognised as acquisitions or disposals based on the date of contract completion.

##### **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.

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2016

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.

#### **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.

### **13 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 2016

2	PROPERTY COSTS	2016	2015
		£'000	£'000
	Empty rates	41	–
	Property management	35	12
		<u>76</u>	<u>12</u>
	Legal fees	25	22
	Agents fees	21	53
		<u>122</u>	<u>87</u>
3	ADMINISTRATIVE COSTS	2016	2015
		£'000	£'000
	Rents payable – operating lease rentals	21	21
	General administration, including staff costs	405	357
	Auditors' remuneration    Audit fees	32	32
	Tax services	4	4
		<u>462</u>	<u>414</u>
4	STAFF COSTS	2016	2015
		£'000	£'000
	Staff costs, including Directors, during the year were as follows		
	Wages and salaries	195	189
	Social security costs	20	21
	Other pension costs	46	11
		<u>261</u>	<u>221</u>
	Details of Directors' emoluments, totaling £240,439 (2015 £199,260), are shown in the Directors' Report on page 8. There are no other key management personnel		
		2016	2015
		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>2</u>	<u>1</u>

**WYNNSTAY PROPERTIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2016**

<b>5</b>	<b>FINANCE COSTS (NET)</b>	<b>2016</b>	<b>2015</b>
		<b>£'000</b>	<b>£'000</b>
	Interest payable on bank loans	320	265
	Less Bank interest receivable	(4)	(2)
		<u>316</u>	<u>263</u>
<b>6</b>	<b>TAXATION</b>	<b>2016</b>	<b>2015</b>
		<b>£'000</b>	<b>£'000</b>
	(a) Analysis of the tax charge for the year		
	UK Corporation tax at 20% (2015 - 21%)	180	225
	Overprovision in previous year	(28)	(15)
	Total current tax charge	<u>152</u>	<u>210</u>
	Deferred tax – temporary differences	3	–
	Tax charge for the year	<u>155</u>	<u>210</u>
	(b) Factors affecting the tax charge for the year		
	Net Income before taxation	<u>1,951</u>	<u>2,429</u>
	Current Year		
	Corporation tax thereon at 20% (2015 - 21%)	390	510
	Expenses not deductible for tax purposes	7	19
	Excess of capital allowances over depreciation	(3)	(3)
	Investment gain on fair value not taxable	(189)	(321)
	Investment gain not taxable	(25)	–
	Other timing differences	3	20
	Overprovision in previous year	(28)	(15)
	Current tax charge	<u>155</u>	<u>210</u>
<b>7</b>	<b>DIVIDENDS</b>	<b>2016</b>	<b>2015</b>
		<b>£'000</b>	<b>£'000</b>
	Final dividend paid in year of 7 8p per share		
	(2015 7 6p per share)	212	206
	Interim dividend paid in year of 5 0p per share		
	(2015 4 5p per share)	<u>135</u>	<u>122</u>
		<u>347</u>	<u>328</u>

The Board recommends the payment of a final dividend of 8 2p per share, which will be recorded in the Financial Statements for the year ending 25th March 2017

# WYNNSTAY PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2016

### 8 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing Income after Taxation attributable to Ordinary Shareholders of £1,796,000 (2015 £2,219,000) by the weighted average number of 2,711,617 (2015 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	2016	2015
	£'000	£'000
<b>Investment Properties</b>		
Balance at 25th March 2015	21,780	18,515
Additions	2,739	1,735
Disposals	(235)	—
	<u>24,284</u>	<u>20,250</u>
Revaluation Surplus	946	1,530
Balance at 25th March 2016	<u>25,230</u>	<u>21,780</u>

The Company's freehold investment properties are carried at fair value as at 25th March 2016. 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 £0.89 million in the fair value movement through profit or loss.

# WYNNSTAY PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2016

### 10 OTHER PROPERTY, PLANT AND EQUIPMENT

	2016 £'000	2015 £'000
<b>Cost</b>		
Balance at 25th March 2015 and 25th March 2016	<u>47</u>	<u>47</u>
<b>Depreciation</b>		
Balance at 25th March 2015	47	47
Charge for the Year	<u>-</u>	<u>-</u>
Balance at 25th March 2016	<u>47</u>	<u>47</u>
<b>Net Book Values at 25th March 2015 and 25th March 2016</b>	<u>-</u>	<u>-</u>

### 11 OPERATING LEASES RECEIVABLE

	2016 £'000	2015 £'000
The following are the future minimum lease payments receivable under non-cancellable operating leases which expire		
Not later than one year	1,696	1,422
Between 2 and 5 years	3,719	2,973
Over 5 years	<u>654</u>	<u>997</u>
	<u>6,069</u>	<u>5,392</u>

Rental income under operating leases recognised in the profit or loss amounted to £1,778,000 (2015 £1,663,000)

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 2016

12 INVESTMENTS	2016	2015
	£'000	£'000
Quoted investments	<u>3</u>	<u>3</u>

13 ACCOUNTS RECEIVABLE	2016	2015
	£'000	£'000
Trade receivables	316	486
Other receivables	<u>3</u>	<u>3</u>
	<u>319</u>	<u>489</u>

Trade receivables include an allowance for bad debts of £nil (2015 £28,000) Trade receivables of £13,000 (2015 £22,600) are considered past due but not impaired

14 ACCOUNTS PAYABLE	2016	2015
	£'000	£'000
Trade payables	24	7
Other creditors	129	107
Accruals and deferred income	<u>788</u>	<u>972</u>
	<u>941</u>	<u>1,086</u>

15 BANK LOANS PAYABLE	2016	2015
	£'000	£'000
Non-current position	10,000	7,658
Less deferred finance costs	<u>(28)</u>	<u>(37)</u>
	<u>9,972</u>	<u>7,621</u>

In December 2013, the bank loan was re-financed providing a credit facility of up to £10 million Interest was charged at 2.65% per annum over LIBOR for the refinanced facility

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 2016

### 15 BANK LOANS PAYABLE (Continued)

The borrowing facility is secured by fixed charges over the freehold land and buildings owned by the Company, which at the year end had a combined value of £25,230,000 (2015 £21,780,000). The undrawn element of the borrowing facility available at 25th March 2016 was £nil (2015 £2.3million). A commitment fee of 1% per annum was payable on the undrawn amount.

### 16 DEFERRED TAX

A deferred tax liability of £3,000 has been recognised in respect of the investment property (2015: Deferred tax asset of £44,000 was not recognised as it was not considered to be recoverable).

17 SHARE CAPITAL	2016 £'000	2015 £'000
Authorised		
8,000,000 Ordinary Shares of 25p each	2,000	2,000
Alotted, Called Up and Fully Paid		
3,155,267 Ordinary shares of 25p each	<u>789</u>	<u>789</u>

All shares rank equally in respect of Shareholder rights.

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

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2016

#### 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 2016 the Company's financial instruments comprised borrowings, cash and cash equivalents, short term receivables and short term payables. 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 2016 and 2015, 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 2016 was £1,383,000 (2015 £1,050,000)

##### 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 2016

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	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Impact on interest payable - gain/(loss)	50	38	(50)	(38)
Impact on interest receivable - (loss)/gain	(7)	(6)	7	6
<b>Total impact on pre tax profit and equity</b>	<b>43</b>	<b>32</b>	<b>(43)</b>	<b>(32)</b>

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

	2016	2015
	£'000	£'000
Floating rate borrowings (bank loans)	(10,000)	(7,658)
Less: cash and cash equivalents	1,383	1,050
	<u>(8,617)</u>	<u>(6,608)</u>

**Fair Value of Financial Instruments**

Except as detailed in the following table, management considers the carrying amounts of financial assets and financial liabilities recognised at amortised cost approximate to their fair value.

	2016	2016	2015	2015
	Book Value	Fair Value	Book Value	Fair Value
	£'000	£'000	£'000	£'000
Interest bearing borrowings (note 15)	(9,972)	(9,998)	(7,621)	(7,672)
<b>Total</b>	<b>(9,972)</b>	<b>(9,998)</b>	<b>(7,621)</b>	<b>(7,672)</b>

WYNNSTAY PROPERTIES PLC  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2016

18 FINANCIAL INSTRUMENTS (Continued)

Categories of Financial Instruments

	2016	2015
	£'000	£'000
Financial assets		
Quoted investments	3	3
Loans and receivables	319	489
Cash and cash equivalents	<u>1,383</u>	<u>1,050</u>
Total financial assets	1,705	1,542
Non-financial assets	<u>25,230</u>	<u>21,780</u>
Total assets	<u>26,935</u>	<u>23,322</u>
Financial liabilities at amortised cost	<u>11,096</u>	<u>8,932</u>
Total liabilities	11,096	8,932
Shareholders' equity	<u>15,839</u>	<u>14,390</u>
Total shareholders' equity and liabilities	<u>26,935</u>	<u>23,322</u>

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 2016

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%.

	2016	2015
	£'000	£'000
Net borrowings and overdraft	9,972	7,621
Cash and cash equivalents	<u>(1,383)</u>	<u>(1,050)</u>
Net borrowings	<u>8,589</u>	<u>6,571</u>
Shareholders' equity	<u>15,839</u>	<u>14,390</u>
Investment properties	<u>25,230</u>	<u>21,780</u>
 Loan to value ratio	 34.0%	 30.2%
Net gearing ratio	54.2%	45.7%

WYNNSTAY PROPERTIES PLC  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2016

**19 COMMITMENTS UNDER OPERATING LEASES**

Future rental commitments at 25th March 2016 under non-cancellable operating leases are as follows -

	2016	2015
	£'000	£'000
Within one year	24	20
Between two to five years	28	3
	<u>52</u>	<u>23</u>

**20 RELATED PARTY TRANSACTIONS**

The Company has entered into an agreement with T J C P Consultants Ltd, a company owned and controlled by T J C Parker which during the year was paid £41,617 (2015 £40,404). 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.

**21 EVENTS AFTER THE END OF THE REPORTING PERIOD**

In early June, the Company exchanged contracts to purchase four adjoining trade counter and industrial units in Lichfield, with completion due in the near future. The acquisition price of £1.95million will be funded from an additional facility of £1.34million from the Company's bank with the remainder from cash resources.

## WYNNSTAY PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2016

## 22 SEGMENTAL REPORTING

	Industrial		Retail		Office		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Rental Income	1,253	1,015	245	351	280	297	1,778	1,663
Profit/(loss) on property investments at fair value	773	1,142	15	210	158	178	946	1,530
Total income and gain/(loss)	2,027	2,157	260	561	437	475	2,724	3,193
Property expenses	(122)	(87)	–	–	–	–	(122)	(87)
Segment profit/(loss)	1,905	2,070	260	561	437	475	2,602	3,106
Unallocated corporate expenses							(462)	(414)
Profit on sale of investment property	–	–	127	–	–	–	127	–
Operating income							2,267	2,692
Interest expense (all relating to property loans)							(320)	(265)
Interest income and other income							4	2
Income before taxation							1,951	2,429

Other information	Industrial		Retail		Office		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Segment assets	16,117	12,605	5,025	5,245	4,088	3,930	25,230	21,780
Segment assets held as security	16,117	12,605	5,025	5,245	4,088	3,930	25,230	21,780

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

	IFRS				
Years Ended 25th March	2016	2015	2014	2013	2012
	£'000	£'000	£'000	£'000	£'000
<b>STATEMENT OF COMPREHENSIVE INCOME</b>					
Property Income	1,778	1,663	1,609	1,628	1503
Profit before movement in fair value of investment properties and taxation	878	899	1,011	1,103	1,157
Income before Taxation	1,951	2,429	1,181	166	292
Income/(Loss) after Taxation	1,796	2,219	946	(193)	117
<b>STATEMENT OF FINANCIAL POSITION</b>					
Investment Properties	25,230	21,780	18,515	17,700	19,289
Equity Shareholders' Funds	15,839	14,390	12,499	11,873	12,359
<b>PER SHARE</b>					
Basic earnings	66.2p	81.8p	34.9p	(7.1p)	4.3p
Dividends paid and proposed	13.2p	12.3p	11.8p	10.8p	10.5p
Net Asset Value	584p	531p	461p	438p	456p

## WYNNSTAY PROPERTIES PLC

### NOTICE OF MEETING

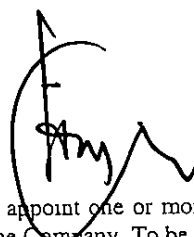
NOTICE IS HEREBY GIVEN that the one hundred and thirtieth ANNUAL GENERAL MEETING of the Members of Wynnstay Properties PLC will be held at The Royal Automobile Club, 89 Pall Mall, London SW1Y 5HS on Wednesday, 13th July 2016, at 12 00 noon to transact the following business which will be proposed as ordinary resolutions

#### ORDINARY RESOLUTIONS

- 1 To adopt the Report of the Directors and the Financial Statements for the year ended 25th March 2016
- 2 To declare a final dividend for the year ended 25th March 2016
- 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 T J C Parker, 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  
13 June 2016



#### 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 notari ally 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 11th July 2016, 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 11th July 2016 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 68, 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 58 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 66. 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 73, 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 61, 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.