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# Wynnstay Properties PLC

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*Annual Report and Financial Statements  
for the year ended 25 March 2008*



# WYNNSTAY PROPERTIES PLC



## CHAIRMAN'S STATEMENT REPORT OF THE DIRECTORS and FINANCIAL STATEMENTS YEAR ENDED 25TH MARCH 2008

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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

Washington House, 40-41 Conduit Street, London W1 2YQ

**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

N.M. ROTHSCHILD & SONS LIMITED

New Court, St. Swithin's Lane, London EC4P 4DU

**WYNNSTAY PROPERTIES PLC**  
**SUMMARY OF PROPERTY PORTFOLIO**  
**AT 25TH MARCH 2008**

Aldershot, Eastern Road	Industrial Unit
Alton, Newman Lane	Industrial Unit
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 the disruption in the financial markets and the slowdown in the commercial and residential property markets, which have been extensively reported in the media, have not materially affected the performance of your Company and that for the year ended 25th March 2008 the Company has delivered a very satisfactory financial performance, which provides a sound base for further growth.

### Overview of financial performance

The financial performance may be summarised as follows:

	Change	2008	2007*
• Net income before property revaluation, disposals and taxation:	+ 51.8%	£862,000	£568,000
• Dividends per share, paid and proposed:	+ 6.2%	9.45p	8.9p
• Net asset value per share:	+ 4.1%	550p	528p
• Adjusted net asset value per share **	+ 2.0%	572p	561p

\* 2007 figures have been restated in accordance with International Financial Reporting Standards.

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

The growth in net income before property revaluation, disposals and taxation in 2008 reflects both the receipt of the lease surrender of £135,000, referred to later in this statement, as well as the substantial reduction in finance costs following the sale of property in 2007 and the resultant loan repayment.

As with the interim results on which I reported in November 2007, the financial statements included in this report have been prepared in accordance with International Financial Reporting Standards (IFRS) rather than, as previously, under UK Generally Accepted Accounting Principles (GAAP). The main impact of this change is a requirement to provide for deferred tax on unrealised gains which could potentially arise from the annual revaluation of investment properties in the portfolio to their market value. In previous years, this liability was quantified and reflected in the notes, rather than actually being provided for in the financial statements. The deferred tax provided in the financial statements at the year end amounts to £693,000, which equates to 22p per share.

As Wynnstay is an investment company, and this tax liability would only arise in the event of a disposal of properties in the portfolio, we have, in common with many other property companies, shown our net asset value per share in the summary above and in the financial statements both is in accordance with IFRS as well as adjusted to exclude this tax liability.

### Property Management

Property income rose by just under 2% reflecting a number of new leases and licences granted and satisfactory rent review settlements negotiated during the year, notably at our retail premises in Gosport and at our industrial unit at Alton. Paul Williams has engaged actively and positively with our tenants and, as a result, the portfolio is fully income producing with the exception of one small office suite in Colchester and, once again, we have not suffered from any bad debts during the year.

### Portfolio

As at 25th March 2008, our Independent Valuers, Sanderson Weatherall, have undertaken the annual valuation of the company's portfolio at £21,380,000, representing a like-for-like reduction of £135,000, or under 1%, over the year. This is a very satisfactory outcome given conditions in the market and reflects well on our sale and purchase strategy as well as on our choice of investments. Whilst a general softening of yields and well-publicised unfavourable conditions in the commercial property market generally led to reductions in value for some properties, in our case this was counterbalanced by increases in value for others reflecting new leases granted, successful rent reviews or changes in lease conditions securing longer term rental income.

During the year Paul Williams has been very active in seeking out new opportunities. As I have made clear in the past, it is important to be selective in making additions to the portfolio and during the year we have been offered a number of investments in southern England and the south Midlands.

Just before the year end, we entered into negotiations to purchase an industrial estate at Aylesford in Kent and I was pleased to be able to announce its acquisition on 2nd June. This freehold industrial/warehouse estate built in the early 1980's comprises 18 self-contained units of varying size, in three blocks totalling just over 50,430 sq.ft and was acquired for £4,530,000. The estate, which is now our largest single asset by value, is fully let to 15 tenants and currently produces an annual total rent of £367,204. It fits very well with our property acquisition requirements in terms of type, location and size and will provide opportunities for active asset management which should be value enhancing in the medium to longer term.

We have continued to evaluate the prospects for the redevelopment and change of use of certain of our properties. This is a time-consuming process but one which, where we are successful in obtaining planning permission, is considered capable of delivering further value to Shareholders.

Following the revaluation, as at the year end the industrial sector within the portfolio accounted for 63% by value, with the retail and office elements comprising 24% and 13% respectively. Following the addition of the recently acquired Aylesford estate referred to above, the industrial sector now accounts for 70% by value, with the retail and office elements comprising 20% and 10% respectively.

### **Borrowings and Gearing**

Last year we were able to fully repay our variable rate borrowings, although the unutilised element of the facility remained fully available for drawdown to finance future acquisitions and has in fact been used to finance the acquisition of the Aylesford estate. Net borrowings at the year end were £2.71 million, compared with £3.16 million last year and, with Shareholders' Funds having increased by £ 0.7 million, net gearing at the year-end fell to 15.6% compared with 19.0% last year on a like-for-like basis.

### **Costs**

As I reported at the interim stage, we undertook a review of our fixed overheads and took certain decisions that will significantly reduce our running costs. In addition, you will have noted that we have reclassified this year certain direct property costs that in prior years had been included in administrative costs. In addition to other cost reduction exercises, in December we were able to surrender the lease of our offices for which we received a capital payment of £135,000 which is reflected in the income statement, and we have since relocated to smaller and more cost-effective premises in Holborn. The relocation gave rise to certain one-off costs, but significant overhead savings of in excess of £100,000 per annum are anticipated for the current year and thereafter.

### **Taxation**

Tax in the income statement beneficially reflects a tax credit of £155,000 following the changes to the industrial buildings allowance regime. Furthermore, following the revaluation of the investment property portfolio on 25th March 2008, the deferred tax provision has been reduced by £328,000.

### **Dividend**

The Directors are recommending a total dividend for the year of 9.45p per share, compared with 8.9p last year, representing a 6.1% increase. An interim dividend of 2.6p was paid in December 2007 and, subject to approval of Shareholders at the Annual General Meeting, a final dividend of 6.85p per share will be paid on 1 August 2008 to Shareholders on the register on 4 July 2008.

### **Outlook**

When I wrote to you in June 2007 with our results for last year, I remarked that a number of commentators had been calling the top of the property investment market for some time. In my interim statement in November 2007,

I noted that financial markets had witnessed a period of significant dislocation and uncertainty as a result of the so-called "credit crunch" originating from the problems in the US sub-prime lending market but which rapidly spread to banks and markets elsewhere, including the UK, and that this had begun to have an effect on the commercial property market.

Whilst the effect on the commercial property market has been severe, with some retail funds being forced to divest to meet redemption demands from investors and a much reduced deal flow, it has not materially affected your Company which remains in a strong financial position, with a diverse portfolio and low gearing. Indeed, as in the case of our Aylesford acquisition, the present uncertainty in the market may provide further opportunities for us to invest in commercial property on appropriate terms where we can see medium to long-term benefits for Shareholders.

One consequence of the events in the financial markets has been the peaking and subsequent reduction of interest rates which is advantageous for your Company. However, continued uncertainty in interbank lending has meant that the benefit of reductions in base rate have not been passed on to borrowers who are borrowing on a variable rather than a fixed rate basis.

#### **Board and Management Changes**

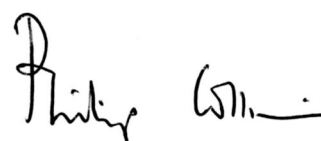
As reported last year Peter Kirkland, our Finance Director and Company Secretary, retired following the Annual General Meeting in July. Toby Parker was appointed as a Director on 26th July 2007 and to the position of Company Secretary with effect from the beginning of August 2007. I am pleased to report that he has settled in extremely well and has made a very positive contribution, working effectively with Paul Williams, especially in relation to the arrangements for our office move and the upgrading of our accounting systems.

#### **Annual General Meeting**

Our Annual General Meeting will be held at the Royal Automobile Club at 12 noon on Wednesday 16th July 2008. 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.

#### **Colleagues and Advisers**

I would like to express my grateful appreciation to Paul Williams and Toby Parker, to my fellow Directors and to our professional advisers for their support and advice throughout the past successful year.



Philip G.H. Collins  
*Chairman*

13th June 2008



# WYNNSTAY PROPERTIES PLC

## REPORT OF THE DIRECTORS 2008

The Directors present their One Hundred and Twenty-Second Annual Report, together with the audited Financial Statements of the Company and its subsidiaries for the year ended 25th March 2008.

### Principal Activity

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

### Profit for the Year

The net income for the year after taxation amounted to £978,000 (2007 – £3,745,000). 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 32.

The key performance indicators for the Company are those relating to the underlying growth 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 6.85 pence per share for the year ended 25th March 2008 payable on 1st August 2008 to those Shareholders on the register on 4th July 2008. This dividend, together with the interim dividend of 2.6 pence paid on 18th December 2007, represents a total for the year of 9.45 pence (2007 – 8.9 pence).

### Investment properties

The investment properties have been valued by Sanderson Weatherall on the basis of Market Value at 25th March 2008. The movement in investment properties is set out in Note 10 on page 23.

### 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 2008 and 25th March 2007 are shown below:

		Ordinary Shares of 25p	
		25.3.08	25.3.07
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
P.R. Kirkland (resigned 26 <sup>th</sup> July 2007)	Finance Director and Secretary	8,000	8,000
T.J. Nagle	Non-Executive Director	13,000	13,000
T.J.C. Parker (appointed 26 <sup>th</sup> July 2007)	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 2008 and of 231,196 shares at 25th March 2007.

# WYNNSTAY PROPERTIES PLC

## REPORT OF THE DIRECTORS 2008 continued

Mr. C.P. Williams and Mr T.J.C. Parker each have a service agreement with the Company. Under the respective terms thereof, their employment is subject to six months' notice of termination by either party. On his retirement and resignation as Company Secretary, Mr P.R. Kirkland's service agreement with the company terminated on 2 August 2007.

In accordance with the Company's Articles of Association, Mr. C.H. Delevingne retires by rotation and, being eligible, offers himself for re-election. Mr T. J. C. Parker, having been appointed a director since the date of the last Annual General Meeting, offers himself for election.

Brief biographies of each of the Directors appear on page 35.

### Directors' Emoluments

Directors' emoluments for the year ended 25th March 2008 are set out below:-

	<u>Salaries</u>	<u>Fees</u>	<u>Benefits</u>	<u>Pension</u>	<u>Total 2008</u>	<u>Total 2007</u>
P.G.H. Collins	–	25,500	–	–	<b>25,500</b>	24,500
C.P. Williams	96,000	9,125	706	7,500	<b>113,331</b>	91,126
C.H. Delevingne	–	9,125	–	–	<b>9,125</b>	8,750
T.J. Nagle	–	9,125	–	–	<b>9,125</b>	8,750
P.R. Kirkland	35,720	3,075	–	3,572	<b>42,367</b>	120,206
T.J.C.Parker	–	6,050	–	–	<b>6,050</b>	–
<b>Total 2008</b>	<b><u>£131,720</u></b>	<b><u>£62,000</u></b>	<b><u>£706</u></b>	<b><u>£11,072</u></b>	<b><u>£205,498</u></b>	
Total 2007	<u>£143,845</u>	<u>£59,500</u>	<u>£1,137</u>	<u>£48,850</u>		<u>£253,332</u>

Included in the emoluments paid to Mr C.P. Williams in 2008 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 £28,000 for services rendered during the year (see note 24).

### 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.

### 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 2008 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%

### 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 2008 was 7 days (2007 – 21 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 2008 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 20 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.

### **Annual General Meeting**

The Notice of the Annual General Meeting, to be held on Wednesday 16th July 2008, is set out on page 34.

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

13th June 2008

## **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 2008 which are set out pages 13 to 32. 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 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 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. 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 *continued*

#### **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 2008 and of its profit for the year then ended;
- the parent company balance sheet 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 2008;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; 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

17 June 2008

**WYNNSTAY PROPERTIES PLC AND ITS SUBSIDIARIES**  
**CONSOLIDATED INCOME STATEMENT YEAR ENDED 25TH MARCH 2008**

	Notes	2008 £'000	2007 £'000
<b>Property Income</b>	1	1,565	1,536
<b>Property Costs</b>	2	(92)	(83)
<b>Administrative Costs</b>	3	(554)	(552)
		<u>919</u>	<u>901</u>
<b>Movement in fair value of:</b>			
<b>Investment Properties</b>	10	(135)	2,595
<b>Other investments</b>	14	(1)	1
<b>Profit on Disposal of Investment Properties</b>	5	–	<u>1,046</u>
<b>Operating Income</b>		<b>783</b>	4,543
<b>Investment Income</b>	6	<b>38</b>	16
<b>Other income</b>		<b>135</b>	–
<b>Finance Costs</b>	6	(229)	(350)
<b>Net Income before Taxation</b>		<b>727</b>	4,209
<b>Taxation</b>	7	251	(464)
<b>Net Income after Taxation (attributable to equity holders of the parent)</b>		<b>978</b>	3,745
<b>Dividends paid</b>	8	(286)	(266)
<b>Profit Retained</b>		<u><b>692</b></u>	<u>3,479</u>
<b>Basic earnings per share</b>	9	<b>31.0</b>	118.7
<b>Normalised earnings per Share</b>	9	<b>31.0</b>	85.5

Comparatives have been restated to reflect the transition to IFRS.

**WYNNSTAY PROPERTIES PLC AND ITS SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET 25TH MARCH 2008**

	Notes	2008	2007
		£'000	£'000
<b>Non Current Assets</b>			
Investment Properties	10	21,380	21,515
Other property, plant and equipment	11	11	15
Investments	14	3	4
		<u>21,394</u>	<u>21,534</u>
<b>Current Assets</b>			
Accounts Receivable	15	152	422
Cash at Bank and in Hand		888	637
		<u>1,040</u>	<u>1,059</u>
<b>Current Liabilities</b>			
Accounts Payable	16	(557)	(939)
Income tax payable		(221)	(7)
		<u>(778)</u>	<u>(946)</u>
<b>Net Current Assets</b>		<u>262</u>	113
<b>Total Assets Less Current Liabilities</b>		<b>21,656</b>	21,647
<b>Non-Current Liabilities</b>			
Loans Payable	17	(3,600)	(3,800)
Deferred Tax	18	(693)	(1,176)
		<u>(4,293)</u>	<u>(4,976)</u>
<b>Net Assets</b>		<u><u>17,363</u></u>	<u><u>16,671</u></u>
<b>Capital and Reserves</b>			
Share Capital	19	789	789
Capital Redemption Reserve		205	205
Share Premium Account		1,135	1,135
Retained Earnings		15,234	14,542
<b>Equity attributable to equity holders of the parent</b>		<u><u>17,363</u></u>	<u><u>16,671</u></u>

Approved by the Board and authorised for issue on 13th June 2008

P.G.H. Collins  
Chairman

T.J.C. Parker  
Finance Director



**WYNNSTAY PROPERTIES PLC**  
BALANCE SHEET AT 25TH MARCH 2008

	Notes	2008	2007
		£'000	£'000
<b>Non Current Assets</b>			
Investment Properties	10	21,380	21,515
Other Property Plant & Equipment	11	11	15
Investment in Subsidiaries	13	–	2,406
Investments	14	3	4
		<u>21,394</u>	<u>23,940</u>
<b>Current Assets</b>			
Accounts Receivable	15	152	768
Cash at Bank and in Hand		888	637
		<u>1,040</u>	<u>1,405</u>
<b>Current Liabilities</b>			
Accounts Payable	16	(557)	(4,178)
Income tax payable		(221)	(7)
		<u>(778)</u>	<u>(4,185)</u>
<b>Net Current Assets</b>		<u>262</u>	<u>(2,780)</u>
<b>Total Assets Less Current Liabilities</b>		<b>21,656</b>	<b>21,160</b>
<b>Non-Current Liabilities</b>			
Loans Payable	17	(3,600)	(3,800)
Deferred Tax	18	(693)	(1,176)
<b>Net Assets</b>		<u>17,363</u>	<u>16,184</u>
<b>Capital and Reserves</b>			
Share Capital	19	789	789
Capital Redemption Reserve		205	205
Share Premium Account		1,135	1,135
Retained Earnings		15,234	14,055
<b>Equity attributable to equity holders of the parent</b>		<u>17,363</u>	<u>16,184</u>

Approved by the Board and authorised for issue on 13th June 2008

P.G.H. Collins  
Chairman

T.J.C. Parker  
Finance Director

**WYNNSTAY PROPERTIES PLC AND ITS SUBSIDIARIES**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 25TH MARCH 2008**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cashflow from operating activities</b>		
Operating Income	783	4,543
Depreciation	9	4
Profit on disposal of investment properties	–	(1,046)
Decrease/(Increase) in fair value of investment properties	135	(2,595)
(Decrease) in fair value of investment	(1)	(1)
Decrease/(Increase)in accounts receivables	269	(56)
(Decrease)/Increase in accounts payables	(359)	360
Income tax paid	(40)	(131)
Net cash from operating activities	<u>796</u>	<u>1,078</u>
<b>Cashflow from investing activities</b>		
Interest and Other income received	172	15
Interest payable	(226)	(361)
Sale of property, plant and equipment	–	2,062
Purchase of property, plant and equipment	(5)	(7)
Net cash from investing activities	<u>(59)</u>	<u>1,709</u>
<b>Cashflow from financing activities</b>		
Dividends paid	(286)	(266)
Repayments on bank loans	(200)	(2,200)
Net cash from financing activities	<u>(486)</u>	<u>(2,466)</u>
<b>Net increase in cash and cash equivalents</b>	<b>251</b>	<b>321</b>
Cash and cash equivalents at beginning of period	637	316
Cash and cash equivalents at end of period	<u>888</u>	<u>637</u>

**WYNNSTAY PROPERTIES PLC**

**COMPANY CASH FLOW STATEMENT FOR THE YEAR ENDED 25TH MARCH 2008**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cashflow from operating activities</b>		
Operating Income	783	4,543
Depreciation	9	4
Profit on disposal of investment properties	–	(1,046)
Decrease/(Increase) in fair value of investment properties	135	(2,595)
(Decrease) in fair value of investment	(1)	(1)
Decrease/(Increase)in accounts receivables	269	(56)
(Decrease)/Increase in accounts payables	(359)	360
Income tax paid	(40)	(131)
Net cash from operating activities	<u>796</u>	<u>1,078</u>
<b>Cashflow from investing activities</b>		
Interest and Other income received	172	15
Interest payable	(226)	(361)
Sale of property, plant and equipment	–	2,062
Purchase of property, plant and equipment	(5)	(7)
Net cash from investing activities	<u>(59)</u>	<u>1,709</u>
<b>Cashflow from financing activities</b>		
Dividends paid	(286)	(266)
Repayments on bank loans	(200)	(2,200)
Net cash from financing activities	<u>(486)</u>	<u>(2,466)</u>
<b>Net increase in cash and cash equivalents</b>	<b>251</b>	<b>321</b>
Cash and cash equivalents at beginning of period	637	316
Cash and cash equivalents at end of period	<u>888</u>	<u>637</u>

Non-cash transactions during the year include a provision on investment in subsidiaries of £2,406,000 and net writeback of intercompany balances of £2,895,000.

**WYNNSTAY PROPERTIES PLC AND ITS SUBSIDIARIES**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 25TH MARCH 2008**

<b>Group</b>	<b>YEAR ENDED 25 MARCH 2008</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>	
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>YEAR ENDED 25 MARCH 2007</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 2006	789	205	1,135	11,063	13,192
Net income for the year	–	–	–	3,745	3,745
Dividends	–	–	–	(266)	(266)
Balance at 25 March 2007	<u>789</u>	<u>205</u>	<u>1,135</u>	<u>14,542</u>	<u>16,671</u>
	<b>YEAR ENDED 25 MARCH 2008</b>				
<b>Company</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>
	<b>YEAR ENDED 25 MARCH 2007</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 2006	789	205	1,135	10,576	12,705
Net income for the year	–	–	–	3,745	3,745
Dividends	–	–	–	(266)	(266)
Balance at 25 March 2007	<u>789</u>	<u>205</u>	<u>1,135</u>	<u>14,055</u>	<u>16,184</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 net income for the year after taxation was £1,465,000 (2007: £3,745,000).

## WYNNSTAY PROPERTIES PLC AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2008

#### 1. ACCOUNTING POLICIES

Wynnstay Properties PLC is a public limited company incorporated and domiciled in England 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. This is the first year in which the financial statements have been prepared under, and comply with IFRS. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given in note 25. The financial statements have been presented in pounds sterling being the functional currency of the company.

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

##### **New Standards and Interpretations**

International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) have issued the following standards and interpretations with an effective date after the date of these statements:

International Accounting Standards (IAS/IFRSs)

IFRS 2: Amendment to IFRS: - Vesting Conditions and Cancellations

IFRS 3: Business Combinations (revised January 2008)

IAS 1: Presentation of Financial Statements (revised September 2007)

IAS 23: Borrowing Costs (revised March 2007)

IAS 27: Consolidation and Separate Financial Statements (revised January 2008)

International Financial Reporting Interpretations Committee (IFRIC)

IFRIC 11: IFRS 2 Group and Treasury Share Transactions

IFRIC 12: Service Concession Arrangements

IFRIC 13: Customer Loyalty Programmes

IFRIC 14: IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction.

The directors do not currently anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements in the period of initial application.

IFRS 8 (Operating Segments) has been adopted early.

##### **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.

##### **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.

## WYNNSTAY PROPERTIES PLC AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2008

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 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 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.

#### **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 2007 has been extracted from the latest published audited financial statements as restated to comply with IFRS.

#### **Pensions**

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

**WYNNSTAY PROPERTIES PLC AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2008**

<b>2. PROPERTY COSTS</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Rents Payable – operating lease rental	5	5
Repairs, Insurance, Rates, etc	8	(20)
Property Management	<u>28</u>	<u>63</u>
	41	48
Legal Fees	13	14
Agents Fees	38	21
	<u>92</u>	<u>83</u>

<b>3. ADMINISTRATIVE COSTS</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Rents payable – operating lease rentals	7	36
General Administration, including Staff costs	487	475
Auditors' Remuneration: Audit	29	20
Tax services	17	8
Consultancy	5	9
Depreciation and Amortisation	9	4
	<u>554</u>	<u>552</u>

Included within General Administration costs above are pension payments made to a former Director of £5,400 (2007: £5,160).

<b>4. STAFF COSTS</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs, including Directors, during the year were as follows:		
Wages and Salaries	253	231
Social Security Costs	26	25
Other Pension Costs	17	49
	<u>296</u>	<u>305</u>

Details of Directors' emoluments, totalling £205,498 (2007 - £253,332), 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:	5	6

Number of Directors for whom the Company paid pension benefits:	1	2
-----------------------------------------------------------------	---	---

**WYNNSTAY PROPERTIES PLC AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2008**

<b>5. PROFIT ON DISPOSAL OF INVESTMENT PROPERTIES</b>	<b>2008 £'000</b>	<b>2007 £'000</b>
Profit on disposal of investment properties	–	1,046
	<u>–</u>	<u>1,046</u>
<b>6. FINANCE COSTS (NET)</b>	<b>2008 £'000</b>	<b>2007 £'000</b>
Interest payable on bank loans	229	350
Less: Bank Interest receivable	(38)	(16)
	<u>191</u>	<u>334</u>
	<u>191</u>	<u>334</u>
<b>7. TAXATION</b>	<b>2008 £'000</b>	<b>2007 £'000</b>
(a) Analysis of the tax (credit)/charge for the year		
UK Corporation tax at 30% (2007: 30%)	232	107
Overprovision from previous years	–	(58)
Current tax charge for the year	<u>232</u>	<u>49</u>
Deferred tax – timing differences	(328)	574
– Write back of IBAs	(155)	(159)
Total tax (credit)/charge for the year	<u>(251)</u>	<u>464</u>
	<u>(251)</u>	<u>464</u>
(b) Factors affecting the tax (credit)/charge for the year		
Net income before taxation	<u>727</u>	<u>4,209</u>
Current year:		
Corporation tax thereon at 30% (2007: 30%)	218	1,263
Expenses not deductible for tax purposes	9	–
Excess of capital allowances over depreciation	(15)	(42)
Investment gain not taxable	(287)	(205)
Sale of investment property	–	(314)
Utilisation of ACT	–	(19)
Marginal Rate Relief	(21)	(2)
Overprovision from previous years	–	(58)
Write back of IBAs	(155)	(159)
	<u>(251)</u>	<u>464</u>
	<u>(251)</u>	<u>464</u>

**Change in Corporation Tax Rate**

The UK Corporation tax rate will decrease from 30% to 28% from 1 April 2008. The deferred tax figure has been adjusted in the current year to reflect the change, the effect of which is £49,521 in the current year.



## WYNNSTAY PROPERTIES PLC AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2008

#### 8. DIVIDENDS

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Final dividend paid in year of 6.45 p per share (2006: 6.0p per share)	204	189
Interim dividend paid in year of 2.6 p per share (2007: 2.45p per share)	82	77
	<b>286</b>	<b>266</b>
	<b>286</b>	<b>266</b>

The Board recommends the payment of a final dividend of 6.85p per share, which will be recorded in the Financial Statements for the year ending 25th March 2009.

#### 9. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net income after taxation attributable to Ordinary Shareholders of £978,000 (2007: £3,745,000) by the weighted average number of 3,155,267 ordinary shares in issue during the period (2007: 3,155,267). There are no instruments in issue that would have the effect of diluting earnings per share.

Normalised earnings per share have been calculated by deducting profit on disposal of investment properties of £nil (2007: £1,046,000) set out in Note 5, 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.

#### 10. INVESTMENT PROPERTIES

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
<b>Group and Company</b>		
<b>Cost</b>		
Balance at 25th March 2007	21,515	20,345
Disposals	–	(1,425)
Revaluation (deficit)/surplus	(135)	2,595
Balance at 25th March 2008	<b>21,380</b>	<b>21,515</b>
	<b>21,380</b>	<b>21,515</b>

The Group's freehold investment properties were valued at £21,380,000 by Independent Valuers, Sanderson Weatherall, Chartered Surveyors, as at 25th March 2008, 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 £12,484,000 (2007: £12,484,000) if revaluations had not been undertaken.

**WYNNSTAY PROPERTIES PLC AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2008**

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

<b>Group and Company Cost</b>	<b>Leasehold Improve- ments £'000</b>	<b>Vehicles and Equipment Cost £'000</b>	<b>2008 Total £'000</b>	<b>2007 Total £'000</b>
Balance at 26th March	27	42	69	64
Additions	–	5	5	7
Disposals	(27)	–	(27)	(2)
Balance at 25th March	<u>–</u>	<u>47</u>	<u>47</u>	<u>69</u>
<b>Depreciation</b>				
Balance at 26th March	20	34	54	52
Charge for the Year	7	2	9	4
Disposals	(27)	–	(27)	(2)
Balance at 25th March	<u>–</u>	<u>36</u>	<u>36</u>	<u>54</u>
<b>Net Book Values at 25th March 2008</b>	<u>–</u>	<u>11</u>	<u>11</u>	
Net Book Values at 25th March 2007	<u>7</u>	<u>8</u>	<u>15</u>	

**12. OPERATING LEASES**

	<b>2008 £'000</b>	<b>2007 £'000</b>
The future minimum lease payments receivable under non- cancellable operating leases are as follows:		
Not later than one year	112	11
Between 2 and 5 years	2,825	3,129
Over 5 years	2,575	2,939
	<u>5,512</u>	<u>6,079</u>

Rental Income recognised in the income statement amounted to £1,565,000 (2007: £1,536,000)

Typically, the properties were let for a term of between 5 and 15 years at a market rent with rent reviews every 5 years, and 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 AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2008**

	<b>Company</b>	
	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
<b>13. INVESTMENT IN SUBSIDIARIES</b>		
Shares at Cost, 25th March 2008 and 2007	<u>–</u>	<u>2,406</u>

On November 15th 2007, the company passed a resolution to strike off the dormant subsidiary companies William Wheeler (Properties) Ltd, Wynnstay Management Services Ltd, York Road (Bognor) Property Co. Ltd, Marfield Estates Ltd and Ripple Properties Ltd. As a result, the cost of investment was written down to £nil value (2007: £2,406,000), and a net write back of intercompany balance of £2,895,000 was credited to the parent company's income statement.

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>14. INVESTMENTS</b>				
Quoted Investments	<u>3</u>	<u>4</u>	<u>3</u>	<u>4</u>

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>15. ACCOUNTS RECEIVABLE</b>				
Due from Subsidiary Companies	–	–	–	346
Other receivable	101	354	101	354
Prepayments	51	68	51	68
	<u>152</u>	<u>422</u>	<u>152</u>	<u>768</u>

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>16. ACCOUNTS PAYABLE</b>				
Due to Subsidiary Companies	–	–	–	3,241
Other Taxation and Social Security Costs	27	409	27	409
Accruals and Deferred Income	530	530	530	528
	<u>557</u>	<u>939</u>	<u>557</u>	<u>4,178</u>

At the year end, the Company had a bank overdraft facility of £250,000, secured by a legal charge over one of its freehold properties which at the year end had a value of £455,000. The amount undrawn and available under this facility at 25th March 2008 was £250,000.

Amounts due to subsidiary companies were interest free and there were no fixed terms for their repayment.

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>17. LOANS PAYABLE</b>				
Repayable on 31 March 2011	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank Loan	<u>3,600</u>	<u>3,800</u>	<u>3,600</u>	<u>3,800</u>

Interest has been fixed at 6.351% per annum on £3,600,000 of the bank loan until 31st March 2011, with interest on any variable rate element being charged at 1.20% per annum over LIBOR.

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 £15,485,000. The undrawn element of the loan facility available at 25th March 2008 was £4,900,000.

## WYNNSTAY PROPERTIES PLC AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2008

#### 18. 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% (2007: 30%) to the revaluation surplus after indexation allowance.

	<b>Industrial Buildings Allowances</b>	<b>Deferred Tax on property revaluation</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 26th March 2007	155	1,021	1,176
Writeback of provision no longer required	(155)	(328)	(483)
At 25th March 2008	–	693	693

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>19. SHARE CAPITAL</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.

#### 20. 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 2008 the Group's financial instruments comprised borrowings and cash at bank and in hand. 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 2008 is not materially different from their book value. The Board reviews and agrees policies for managing each of the risks as summarised below:

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

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 17, interest was fixed on £3,600,000 of the Group's bank borrowings until 31st March 2011. Under the terms of its renewed £8,500,000 term loan facility, it is required to fix the interest rate on not less than 60% of any borrowings against this facility until its maturity at 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 AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2008

#### 20. 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 2008 and 2007, current account and short term deposits were almost entirely held with one financial institution, N.M. Rothschild & Sons Limited. Maximum exposure to credit risk on cash and cash equivalents at 25th March 2008 was £888,000 (2007: £637,000).

#### 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:

	2008	2007
	£'000	£'000
Floating rate borrowings	–	(200)
Less: Cash balances	888	637
	888	437

#### Interest Rate Risk

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

	2008	2007
	£'000	£'000
Fixed rate	–	–
Floating rate	888	637
	888	637

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:

	2008	2007
	£'000	£'000
In more than two years but not more than five	3,600	3,800
	3,600	3,800

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

	2008	2008	2007	2007
	Book	Fair	Book	Fair
	Value	Value	Value	Value
	£'000	£'000	£'000	£'000
<b>Primary financial instruments</b>				
Interest bearing borrowings (note 17)	(3,600)	(3,600)	(3,800)	(3,800)
Cash and short term deposits	888	888	637	637
Total	(2,712)	(2,712)	(3,163)	(3,163)

## WYNNSTAY PROPERTIES PLC AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2008

#### 20. 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 2008 amounted to £888,000. Details of the Company's bank borrowings are set out in note 17.

##### 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>2008</b>	2007	<b>2008</b>	2007
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Impact on net interest payable - gain/(loss)	<b>18</b>	19	<b>(18)</b>	(19)
Impact on net interest receivable - gain/(loss)	<b>(4)</b>	(3)	<b>4</b>	3
Total impact on pre tax income	<u><b>14</b></u>	<u>16</u>	<u><b>(14)</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 65% and that the gearing ratio should not exceed 100%. The policy complies with a loan covenant that limits the borrowings to not more than 70% of the value of the underlying security.

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Borrowings	<b>3,600</b>	3,800
Cash balances	<b>(888)</b>	(637)
Net borrowings	<u><b>2,712</b></u>	<u>3,163</u>
Shareholders equity	<b>17,363</b>	16,671
Investment properties	<u><b>21,380</b></u>	<u>21,515</u>
Loan to value ratio	<u><b>12.6%</b></u>	<u>14.7%</u>
Gearing ratio	<u><b>15.6%</b></u>	<u>19.0%</u>

## WYNNSTAY PROPERTIES PLC AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2008

21. SUBSIDIARY COMPANIES	Class of Shares	Percentage Held
William Wheeler (Properties) Ltd. (Dormant) (Shares held by Wynnstay Developments Ltd.)	Ordinary	100%
Wynnstay Developments Ltd.	Ordinary	100%
Wynnstay Management Services Ltd. (Dormant)	Ordinary	100%
York Road (Bognor) Property Co. Ltd. (Dormant)	Ordinary	100%
Marfield Estates Ltd. (Dormant)	Ordinary	100%
Ripple Properties Ltd. (Dormant)	Ordinary	100%

All the above subsidiary companies are incorporated in England and Wales and were non-trading or dormant during the year. A resolution was passed in November 2007 for all the above companies, other than Wynnstay Developments Ltd, for an application to be made to the Registrar of Companies to have the companies struck off the Register.

### 22. CONSOLIDATED CASH FLOW STATEMENT

Analysis of Net Debt	25th March 2008 £'000	Cash Movement £'000	26th March 2007 £'000
Cash at Bank and in Hand	888	251	637
Debt due after more than one year	(3,600)	200	(3,800)
Net Debt	<u>(2,712)</u>	<u>451</u>	<u>(3,163)</u>

### 23. COMMITMENTS UNDER OPERATING LEASES

Future rental commitments at 25th March 2008 under non-cancellable operating leases are as follows:

More than five years hence	Group & Company 2008 £'000	Group & Company 2007 £'000
Within 1 year	18	–
More than 5 years hence	25	30
	<u>43</u>	<u>30</u>

**WYNNSTAY PROPERTIES PLC AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2008**

**24. 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 2008, I.F.M. Consultants Ltd was paid £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.

**25. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ('IFRS')**

**Explanation of the transition to IFRS**

This is the first year that the group has adopted its financial statements under IFRS. The last financial statements presented under UK GAAP were for the year ended 25th March 2007. As IFRS comparative figures must be presented for the year ended 25th March 2007, the date of transition to IFRS was 26th March 2006. The reconciliations below are presented to enable a comparison of the 2008 published figures with those published in the corresponding period of the previous financial year, the latest period presented being for the year ended 25th March 2007, and as at the date of transition to IFRS being 26th March 2006.

**Reconciliation of equity reporting under UK GAAP to equity under IFRS**

		<b>25th March 2007 (audited) (latest period under previous GAAP) £'000</b>	<b>25th March 2006 (audited) (date of transition) £'000</b>
Equity shareholders' funds under UK GAAP	<b>Notes</b>	17,689	13,637
IFRS adjustments:			
Fair value of investments	(a)	3	2
Deferred tax on property revaluation	(c)	(1,021)	(447)
Equity shareholders' funds under IFRS		<u>16,671</u>	<u>13,192</u>

**Reconciliation of profit reported under UK GAAP to profit under IFRS**

		<b>25th March 2007 (audited) (latest period under previous GAAP) £'000</b>
Profit for the period under UK GAAP		1,457
IFRS adjustments:		
Fair value of investments	(a)	1
Fair value of investment properties	(b)	2,595
Deferred tax on property revaluation	(c)	(574)
Profit for the period under IFRS		<u>3,479</u>



## WYNNSTAY PROPERTIES PLC AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2008

#### 25. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ('IFRS') (cont)

**Notes to the reconciliation:**

(a) Investments are designated as held at fair value under IFRS and are carried at bid price. Previously under UK GAAP they were carried at cost. The aggregate difference increases retained earnings through the income statement.

(b) Movements in the fair value of investment properties are required to be shown through the income statement under IFRS and are now included as retained earnings. Under UK GAAP these movements were reflected through the revaluation reserve.

(c) Under IFRS, provision is made for the potential tax arising in the event that the investment properties were sold at the relevant period end, with movement being reflected through the income statement.

**Restatement of Cash flow Statement**

Whilst the format of the cashflow statement is different from UK GAAP, there are no material differences to group cashflow under previous GAAP and IFRS.

#### 26. SEGMENTAL REPORTING

	Industrial		Retail		Office		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Rental Income</b>	<b>1,016</b>	987	<b>330</b>	339	<b>219</b>	210	<b>1,565</b>	1,536
Gains on property investments at fair value	35	1,500	(415)	1,035	245	60	(135)	2,595
Proceeds of disposal of investment properties	–	–	–	–	–	2,471	–	2,471
Carrying value of disposal of investment properties	–	–	–	–	–	(1,425)	–	(1,424)
<b>Total income and gains</b>	<b>1,051</b>	2,487	<b>(85)</b>	1,374	<b>464</b>	1,316	<b>1,430</b>	5,178
Segment expenses	(92)	(83)	–	–	–	–	(92)	(83)
<b>Segment profit</b>	<b>959</b>	2,404	<b>(85)</b>	1,374	<b>464</b>	1,316	<b>1,338</b>	5,095
Unallocated corporate expenses							(555)	(552)
Operating income							783	4,543
Interest expense (all relating to property loans)							(229)	(350)
Interest income and other income							173	16
<b>Income before taxation</b>							<b>727</b>	<b>4,209</b>
<b>Other information</b>								
	2008	2007	2008	2007	2008	2007	2008	2007
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Segment assets	13,505	13,470	5,185	5,600	2,690	2,445	21,380	21,515
Segment assets held as security	8,065	8,110	5,185	5,600	2,235	1,990	15,485	15,700

## **WYNNSTAY PROPERTIES PLC AND ITS SUBSIDIARIES**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2008**

#### **27. SUBSEQUENT EVENTS**

On 2nd June 2008, the company announced the acquisition of a freehold industrial estate at Aylesford in Kent. The purchase was completed on 4th June 2008 for a price of £4,530,000 financed by bank borrowings.

**WYNNSTAY PROPERTIES PLC AND ITS SUBSIDIARIES**

**FIVE YEAR FINANCIAL REVIEW**

	IFRS		UK GAAP		
	2008 £'000	2007 £'000	2006 £'000	2005 £'000	2004 £'000
<b>Years Ended 25th March:</b>					
<b>PROFIT AND LOSS ACCOUNT</b>					
Property Income	<b>1,565</b>	1,536	1,577	1,693	1,575
Profit before Revaluation and Disposal of Investment Properties and Taxation	<b>862</b>	568	553	650	651
Net Income before Taxation	<b>727</b>	4,209	553	1,093	732
Net Income after Taxation	<b>978</b>	3,745	385	850	534
<b>BALANCE SHEET</b>					
Investment Properties	<b>21,380</b>	21,515	20,345	18,740	17,455
Equity Shareholders' Funds	<b>17,363</b>	16,671	13,637	11,900	10,620
<b>PER SHARE</b>					
Basic earnings	<b>31.0p</b>	118.7p	12.2p	26.9p	16.9p
Dividends paid and proposed	<b>9.45p</b>	8.9p	8.3p	8.0p	7.6p
Net Asset Value – IFRS	<b>550p</b>	528p	418p	369p	331p
Net Asset Value – U.K. GAAP	<b>572p</b>	561p	432p	377p	337p

Note:

Equity Shareholders Funds and Net Asset Value per share shown above for the years 2004-2007 has been restated to reflect the change to IFRS from GAAP.

Equity Shareholders' Funds and Net Asset Value per share shown above for the years 2004-2005 have 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-second 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, 16th July 2008, 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 2008.
2. To declare a final dividend for the year ended 25th March 2008.
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 C.H. Delevingne, who retires and offers himself for re-election.
7. To elect Mr T.J.C Parker as a Director.

Registered Office:  
18 Southampton Place  
London WC1A 2AJ

By Order of the Board,  
T. J. C. Parker  
*Secretary.*  
13th June 2008

#### 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 14th July 2008, 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 14th July 2008 shall be disregarded in determining the rights of any person to attend or vote at the Meeting.
4. Copies of the service agreements under which Directors of the Company are employed by the Company will be available for inspection at the Company's registered office during normal business hours on any weekday from the date of this Notice until the date of the Annual General Meeting and for 15 minutes prior to and during the Meeting:

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

**Philip G.H. Collins (Non-Executive Chairman)** aged 60, 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 50 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 58. 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 65, 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 53, 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.

## NOTES



