

## Regulatory Story

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**Company** [Wynnstay Properties PLC](#)  
**TIDM** WSP  
**Headline** Final Results  
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### Wynnstay Properties PLC

#### Preliminary Results for Year Ended 25th March 2010

#### CHAIRMAN'S STATEMENT

I am pleased to report another successful year for your company. Notwithstanding the political uncertainties and difficult conditions in the financial and commercial property markets which prevailed throughout the year the key performance indicators of the company showed positive growth.

Overview of financial performance  
 The financial performance may be summarised as follows:

	Change	2010	2009
• Profit before movement in fair value of investment properties and taxation	+ 2.7%	£990,000	£964,000
• Earnings per share - weighted average		37.0p	(125.9p)
• Earnings per share - in issue at year end		43.1p	(125.9p)
• Dividends per share, paid and proposed:	+ 5.0%	10.5p	10.0p
• Net asset value per share:	+ 9.9%	455p	414p
• Adjusted net asset value per share *	+ 10.6%	458p	414p

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

#### Property Management

Property income rose slightly to £1.93 million (2009 - £1.87 million), a modest increase during what was a busy year in terms of property management. Some 22 individual tenancies were the subject of lease renewals or new lettings, representing almost 20% of the total income from the portfolio. In particular, 9 of the 18 units at Aylesford Industrial Estate came up for renewal. We were able to let two units where the tenants did not wish to renew to another significant tenant on the estate who required additional space. One unit where the lease

expired at the end of April and the tenant did not wish to renew remains vacant and is currently being marketed. Tenants of the other six units renewed their leases.

When writing to you at the interim stage, I mentioned the expiry of the leases at our retail premises in Dorking and I am pleased to report that leases on each of the four shops have now been renewed. In addition rent reviews, totalling almost £150,000 p.a. were successfully negotiated of leases at three other units elsewhere in the portfolio,

With the exception of two small office suites in Colchester, a unit in St Neots, which has been relet since the year end, and the vacant unit at Aylesford mentioned above, the portfolio has been fully let throughout the year. One tenant defaulted for a small amount which is provided for in the accounts, but no material rental income remained outstanding at the year end.

### **Portfolio**

As at 25 March 2010, our Independent Valuers, Sanderson Weatherall, have undertaken the annual valuation of the company's portfolio at £21,290,000, representing an increase of £545,000 or 2.6% over the valuation at the end of the prior year. This is a good outcome following the substantial write-down in the revaluation in the previous year.

Generally the market for investment properties has been competitive throughout the year with strong demand and keener pricing being the norm for good quality investments however the supply of such investments has been very limited. There have been no acquisitions or disposals during the year, although a number of potential acquisitions have been examined, however, the quality of the properties considered and the income profile and the risk of tenant default do not, in the opinion of your board, match the vendors expectations.

When I reported to you on the half-year's results, I noted that the tenant at Crawley, a subsidiary of the French Post Office, informed us that they would not be renewing their lease when it expired in July 2010 as they required larger premises. Subsequently, they vacated the premises, and discharged their obligations for rent and outgoings up to the end of the lease as well as settling with us in respect of dilapidations. The premises have been actively marketed and I had hoped to have more news for you by now. While there has been some interest, we have not yet managed to secure a new tenant.

In relation to the site of our four industrial units in Twickenham where we secured planning permission for a mixed residential and commercial development, we appealed successfully certain restrictive conditions which had been imposed by the local council in the original planning consent. We are still exploring various opportunities and options in relation to this site. In the meantime, the industrial units remain occupied and income-producing on a relatively short-term basis.

We were also successful in our planning application for change of use of the upper floors of our office premises in Colchester to residential use enabling the creation of five self contained two bedroom flats within the existing building envelope.

Current economic conditions have caused several of our tenants to experience financial uncertainties and we continue to work closely each of them to minimise the risk of defaults leading to loss of income and costs on premises becoming vacant.

Following the revaluation, as at the year-end, the industrial sector within the portfolio accounted for 67% by value, with the retail and office elements comprising 19% and 14% respectively.

### **Borrowings and Gearing**

Net borrowings at the year-end were £8.5 million (2009 - £7.9 million) and net gearing at the year-end was 63% compared to 52% last year.

The Company continues to benefit from the historically very low levels of interest payable on that part of our borrowing facility where the rate of interest is variable. The fixed rate of interest on the other part of our borrowing expires in March 2011. At the time of writing, there appear to be conflicting views about the timing and scale of any changes in interest rates.

### **Costs**

Although our property and administrative costs were somewhat higher compared to the previous year, we continue to exercise tight control over overheads and the changes that we

made in 2007-8 continue to deliver savings significantly in excess of £100,000 per annum. The principal reason for the increase in administrative costs was the fees and charges directly associated with the purchase by the company of its own shares, referred to below.

#### **Purchase by the Company of its own shares**

In January 2010, the Company held an Extraordinary General Meeting at which resolutions authorising the Company to purchase its own shares were duly passed. Subsequently, the Company purchased 443,650 ordinary shares at a price of 350p pence per share and these shares are now held in treasury. The effect of this purchase has been to increase earnings per share and net asset value per share and this is reflected in the figures given at the beginning of this statement. The basis of calculation is to divide the Net Assets of the Company by the 2,711,617 shares now in issue and to exclude those shares held by the company. You will be pleased to note that the shares held by the Company are not entitled to receive a dividend, which will reduce the cash outflow from the company on payment of dividends.

In order that these shares can be reissued at some stage in the future, if necessary to members other than in direct proportion to their existing holdings, for instance on a new share issue, or to persons who are not members of the Company, or as part consideration for the purchase of property, Shareholders will be asked at the forthcoming Annual General Meeting to approve the waiver of pre-emption rights on the reissue of these shares.

#### **Dividend**

The Directors are recommending a total dividend for the year of 10.5p per share, compared with 10.0p per share last year, representing a 5.0% increase. An interim dividend of 2.9p per share was paid in December 2009 and, subject to approval of Shareholders at the Annual General Meeting, a final dividend of 7.6p per share will be paid on 22nd July 2010 to Shareholders on the register on 25th June 2010.

#### **Outlook**

The UK is in a period of economic difficulty that appears likely to continue for some years as the new government tackles the deficit, reduces public spending and rebalances the economy. The impact of the economic difficulties on the commercial property market is unclear, but much will depend on the impact on business and the speed of recovery. Nevertheless, your Company's position remains strong and healthy and we will continue to seek out opportunities that will add to the quality of our earnings and the value of our assets, so as to maximise value for Shareholders.

#### **Annual General Meeting**

Our Annual General Meeting will be held at the Royal Automobile Club on Wednesday 14th July 2010. As always, I would encourage as many Shareholders as possible to attend so that they can meet the Board and other Shareholders and learn more about its activities.

#### **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.

11th June 2010  
Philip G.H. Collins  
Chairman

For further information please contact:

Wynnstay Properties Plc Toby Parker, Finance Director	020 7745 7160
Charles Stanley Securities - Nominated Adviser Dugald Carlean / Ben Johnston	020 7149 6000



**STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 25TH MARCH 2010**

	<b>Notes</b>	<b>2010</b>	<b>2009</b>
		<b>£'000</b>	<b>£'000</b>
<b>Property Income</b>	1	<b>1,934</b>	1,874
Property Costs	2	<b>(121)</b>	(97)
Administrative Costs	3	<b>(448)</b>	<u>(430)</u>
		<b>1,365</b>	1,347
Movement in Fair Value of: Investment Properties	9	<b><u>545</u></b>	<u>(5,421)</u>
<b>Operating Income /(loss)</b>		<b>1,910</b>	(4,074)
Investment Income	5	<b>7</b>	41
Finance Costs	5	<b>(382)</b>	<u>(424)</u>
<b>Income/(loss) before Taxation</b>		<b>1,535</b>	(4,457)
Taxation	6	<b>(367)</b>	<u>484</u>
<b>Income/(loss) after Taxation</b>		<b><u>1,168</u></b>	<u>(3,973)</u>
<b>Basic and Diluted Earnings per Share</b>	8	<b>37.0p</b>	(125.9p)

The company has no other items of comprehensive income.



## STATEMENT OF FINANCIAL POSITION 25TH MARCH 2010

		2010	2009
	Notes	£'000	£'000
<b>Non Current Assets</b>			
Investment Properties	9	21,290	20,745
Other Property, Plant and Equipment	10	8	10
Investments	12	3	3
Deferred Taxation	16	-	20
		<b>21,301</b>	20,778
<b>Current Assets</b>			
Accounts Receivable	13	103	101
Cash and Cash Equivalents		753	1,119
		856	1,220
<b>Current Liabilities</b>			
Bank Loans Payable	15	(200)	-
Accounts Payable	14	(877)	(782)
Derivative Financial Instruments	18	(65)	-
Income Tax Payable		(269)	(229)
		<b>(1,411)</b>	<b>(1,011)</b>
<b>Net Current (Liabilities)/Assets</b>		<b>(555)</b>	209
<b>Total Assets Less Current Liabilities</b>		<b>20,746</b>	20,987
<b>Non-Current Liabilities</b>			
Bank Loans Payable	15	(8,300)	(7,900)
Deferred Taxation	16	(81)	-
<b>Net Assets</b>		<b>12,365</b>	<b>13,087</b>
<b>Capital and Reserves</b>			
Share Capital	17	789	789
Share Premium Account		1,135	1,135
Capital Redemption Reserve		205	205
Retained Earnings		10,236	10,958
		<b>12,365</b>	<b>13,087</b>



## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 25TH MARCH 2010

	2010	2009
	£'000	£'000
<b>Cashflow from operating activities</b>		
Income/(Loss) before taxation	1,535	(4,457)
Adjusted for:		
Depreciation	2	1
(Increase)/Decrease in fair value of investment properties	(545)	5,421
Interest income	(7)	(41)
Interest expense	317	424
Loss on financial liabilities at fair value	65	-
Changes in:		
Trade and other receivables	(2)	51
Trade and other payables	93	234
Income tax paid	(226)	(221)
Net cash from operating activities	<u>1,232</u>	<u>1,412</u>
<b>Cashflow from investing activities</b>		
Interest and other income received	7	41
Purchase of investment properties	-	(4,786)
Net cash from investing activities	<u>7</u>	<u>(4,745)</u>
<b>Cashflow from financing activities</b>		
Dividends paid	(320)	(303)
Interest paid	(315)	(433)
Proceeds from bank loans	800	8,500
Repayments of bank loans	(200)	(4,200)
Purchase of treasury shares	(1,570)	-
Net cash from financing activities	<u>(1,605)</u>	<u>3,564</u>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(366)</b>	<b>231</b>
Cash and cash equivalents at beginning of period	<u>1,119</u>	<u>888</u>
Cash and cash equivalents at end of period	<u>753</u>	<u>1,119</u>



**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 25th MARCH 2010**

<b>YEAR ENDED 25 MARCH 2010</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 2009	789	205	1,135	10,958	13,087
Total comprehensive income for the year	-	-	-	1,168	1,168
Dividends	-	-	-	(320)	(320)
Purchase of treasury shares	-	-	-	(1,570)	(1,570)
Balance at 25 March 2010	<u>789</u>	<u>205</u>	<u>1,135</u>	<u>10,236</u>	<u>12,365</u>
<b>YEAR ENDED 25 MARCH 2009</b>					
	<b>Share Capital</b>	<b>Capital Redemption Reserve</b>	<b>Share Premium Account</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
Balance at 26 March 2008	789	205	1,135	15,234	17,363
Total comprehensive expense for the year	-	-	-	(3,973)	(3,973)
Dividends	-	-	-	(303)	(303)
Balance at 25 March 2009	<u>789</u>	<u>205</u>	<u>1,135</u>	<u>10,958</u>	<u>13,087</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2010

### 1. ACCOUNTING POLICIES

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.

#### **Basis of Preparation**

The Accounts have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. The financial statements have been presented in pounds sterling being the functional currency of the company. The financial statements have been prepared under the historical cost basis modified for the revaluation of investment properties, financial assets and financial liabilities 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 25 March 2010**

The company has adopted the new interpretations and revised standards effective for the year ended 25th March 2010. The following revisions to existing standards had an impact on some of the disclosures and the presentation of the financial statements during the year:

*IAS 1 Presentation of Financial Statements* - The revision made substantial changes to the disclosure required in the financial statements, as well as changing the presentation of performance. The company presents a single statement of comprehensive income, while the statement of changes in equity is restricted to transactions with shareholders.

*IFRS 7 Financial Instruments: Disclosures* - The revision resulted in an analysis of all financial instruments that are measured subsequent to initial recognition at fair value, grouped into a hierarchy of levels 1 to 3, based on the degree to which the fair value is observable.

#### **(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. A number of standards have also been revised as a result of the IASB Improvements projects and the Business Combination project.

It is not anticipated that the adoption of these revised standards and interpretations will have a material impact on the figures included in the financial statements in the period of initial application other than the following revision to existing standards:

*IFRS 9 Financial Instruments* - The revision makes substantial changes to the classification of financial assets. There will only be two main categories of financial assets: those that are carried at amortised cost and those that are not, and must be carried at fair value. This standard will be effective for periods beginning 1st January 2013 but has not yet been issued in full and therefore the full impact on the financial statements cannot yet be determined.

#### **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 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.

### **Depreciation**

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

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.

### **Property Income**

Property income represents the value of accrued charges under operating leases for rental of the Company'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 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.

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 statement of comprehensive income, including deferred tax on the revaluation of the asset.

### **Investments**

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 profit or loss.

### **Trade and other accounts receivable**

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

### **Cash and cash equivalents**

Cash comprises cash at bank and on demand deposits. Cash equivalents are short term (less than three months from inception), repayable on demand and 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 2009 has been extracted from the latest published audited financial statements.

### Pensions

Pension contribution towards employees' pension plans are charged to the statement of comprehensive income as incurred. The pension scheme is defined as a pension contribution scheme.

### Financial Instruments

Derivative financial instruments are initially measured at fair value at the contract date entered into, and subsequently measured to their fair value at each reporting date. Embedded derivatives are recognised separately on the statement of financial position, when not closely related to the host contract. Changes in the fair value of derivative financial instruments are recognised in profit or loss.

<b>2. PROPERTY COSTS</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Rents payable	4	4
Property management	7	5
	11	9
Legal fees	30	17
Agents fees	36	17
Development costs	38	54
Writedown on receivables	6	-
	<u>121</u>	<u>97</u>
<b>3. ADMINISTRATIVE COSTS</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Rents payable - operating lease rentals	15	15
General administration, including Staff costs	395	377
Auditors' Remuneration: Audit fees	32	33
Tax services	4	4
Depreciation and amortisation	2	1
	<u>448</u>	<u>430</u>
Included within general administration costs above are pension payments made to a former director of £5,724 (2009: £5,724).		
<b>4. STAFF COSTS</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs, including Directors, during the year were as follows:		
Wages and salaries	163	169
Social security costs	16	18
Other pension costs	15	14
	<u>194</u>	<u>201</u>

Details of Directors' emoluments, totalling £171,623 (2009 - £176,796), are shown in the Report of the Directors on page 8.		
	<b>No.</b>	<b>No.</b>
The average number of employees, including Directors, engaged wholly in management and administration was:	<u>5</u>	<u>5</u>
The number of Directors for whom the Company paid pension benefits during the year was:	<u>1</u>	<u>1</u>

<b>5. FINANCE COSTS (NET)</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable on bank loans	317	424
Loss on financial liabilities at fair value through profit or loss (note 18)	<u>65</u>	-
	<b>382</b>	424
Less: Bank interest receivable	<u>(7)</u>	<u>(41)</u>
	<b>375</b>	<b>383</b>
<b>6. TAXATION</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
(a) Analysis of the tax charge for the year:		
UK Corporation tax at 28% (2009: 28%)	269	229
Overprovision from previous years	<u>(3)</u>	-
	<b>266</b>	229
Deferred tax - timing differences	<u>101</u>	<u>(713)</u>
Current tax charge/(credit) for the year	<u>367</u>	<u>(484)</u>
(b) Factors affecting the tax charge for the year:		
Net Income before taxation	<u>1,535</u>	<u>(4,457)</u>
Current Year:		
Corporation tax thereon at 28% (2009 - 28%)	430	(1,248)
Expenses not deductible for tax purposes	24	16
Excess of capital allowances over depreciation	<u>(24)</u>	<u>(45)</u>
Investment (gain)/loss not taxable	<u>(153)</u>	1,518
Marginal Rate Relief	<u>(8)</u>	<u>(12)</u>
	<b>269</b>	<b>229</b>
<b>7. DIVIDENDS</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Final dividend paid in year of 7.25p per share (2009: 6.85p per share)	<b>229</b>	216

Interim dividend paid in year of 2.9p per share		
(2009: 2.75p per share)	<b>91</b>	<b>87</b>
	<b>320</b>	<b>303</b>

The Board recommends the payment of a final dividend of 7.6p per share, which will be recorded in the

Financial Statements for the year ending 25th March 2011.



<b>8. EARNINGS PER SHARE</b>		
Basic earnings per share are calculated by dividing Income after Taxation attributable to Ordinary Shareholders of £1,168,000 (2009: loss £3,973,000) by the weighted average number of 3,155,267 ordinary shares in issue during the period (2009: 3,155,267). There are no instruments in issue that would have the effect of diluting earnings per share. The share buy back of 443,650 shares took place in March 2010 and therefore had no material effect on the weighted average number of shares in issue.		
<b>9. INVESTMENT PROPERTIES</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Cost		
Balance at 25th March 2009	20,745	21,380
Additions	-	4,786
Revaluation Surplus/(Deficit)	545	(5,421)
Balance at 25th March 2010	<b>21,290</b>	<b>20,745</b>
<p>The Company's freehold investment properties were valued at £21,290,000 by Independent Valuers, Sanderson Weatherall, Chartered Surveyors, as at 25th March 2010, in accordance with the RICS Appraisal and Valuation Standards, on the basis of Market Value, defined as:</p> <p>"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".</p> <p>Freehold investment properties would have been shown at an historical cost of £17,270,000 (2009: £17,270,000) if revaluations had not been undertaken.</p>		

<b>10. OTHER PROPERTY, PLANT AND EQUIPMENT</b>			
		<b>Total 2010 £'000</b>	<b>Total 2009 £'000</b>
<b>Office Equipment</b>			
<b>Cost</b>			
Balance at 25th March 2009 and at 25th March 2010		<u>47</u>	<u>47</u>
<b>Depreciation</b>			
Balance at 25th March 2009		37	36
Charge for the Year		<u>2</u>	<u>1</u>
Balance at 25th March 2010		<u>39</u>	<u>37</u>
<b>Net Book Values at 25th March 2010</b>		<u>8</u>	<u>10</u>





<b>11. OPERATING LEASES RECEIVABLE</b>			
		<b>2010</b>	<b>2009</b>
		<b>£'000</b>	<b>£'000</b>
The future minimum lease payments receivable under non-cancellable operating leases which expire:			
Not later than one year		<b>1,556</b>	70
Between 2 and 5 years		<b>2,557</b>	4,046
Over 5 years		<b>141</b>	2,095
		<b>4,254</b>	6,211
Rental Income recognised in the statement of comprehensive income amounted to £1,934,000 (2009: £1,874,000)			
Typically, the properties are let for a term of between 5 and 15 years at a market rent with rent reviews every 5 years. The properties are leased on terms where the tenant has the responsibility for repairs and running costs for each individual unit with a service charge payable to cover common services provided by the landlord on certain properties.			
<b>12. INVESTMENTS</b>		<b>2010</b>	<b>2009</b>
		<b>£'000</b>	<b>£'000</b>
Quoted investments		<b>3</b>	3
<b>13. ACCOUNTS RECEIVABLE</b>		<b>2010</b>	<b>2009</b>
		<b>£'000</b>	<b>£'000</b>
Other receivables		<b>82</b>	62
Prepayments		<b>21</b>	39
		<b>103</b>	101
<b>14. ACCOUNTS PAYABLE</b>		<b>2010</b>	<b>2009</b>
		<b>£'000</b>	<b>£'000</b>
Other creditors		<b>108</b>	46
Accruals and deferred income		<b>769</b>	736
		<b>877</b>	782
<b>15. BANK LOANS PAYABLE</b>		<b>2010</b>	<b>2009</b>
		<b>£'000</b>	<b>£'000</b>
Bank loan: repayable on 17 December 2013		<b>7,700</b>	7,900
Bank loan: repayable equally over 4 years from 31 March 2010		<b>800</b>	-
Bank loans payable		<b>8,500</b>	7,900
Repayable:			
Within one year		<b>200</b>	-
Between one to two years		<b>200</b>	-
Between two to five years		<b>8,100</b>	7,900

	<b>8,500</b>	7,900
Less: current position (current liabilities)	<b>(200)</b>	-
	<b>8,300</b>	7,900
<p>Interest is accruing at an effective fixed rate of 6.4% per annum on £3,600,000 of the bank loan until 31st March 2011, with interest on any variable rate element being charged at 1.25% per annum over LIBOR. Thereafter, interest is accruing on the remaining balance at a rate of 1.25% per annum over LIBOR until 17 December 2013.</p> <p>The loan facility is secured by fixed charges over a number of freehold land and buildings owned by the Group, which at the year end had a combined value of £13,100,000 (2009: £13,270,000). The undrawn element of the loan facility available at 25th March 2010 was £nil (2009: £600,000). The loan is additionally secured by a memorandum of security over cash deposits of £300,000 (2009: £600,000).</p>		

<b>16. DEFERRED TAX</b>		
<p>Under IAS 12 Income Tax, provision is made for the deferred tax liability associated with the revaluation of investment properties. The Company 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% (2009: 28%) to the revaluation surplus after indexation allowance.</p>		
		<b>Deferred Tax on property revaluation £'000</b>
At 26th March 2009		(20)
Provision for the year		101
At 25th March 2010		<b>81</b>

<b>17. SHARE CAPITAL</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Ordinary Shares of 25p each:		
Authorised: 8,000,000 shares	<b>2,000</b>	2,000
Allotted, Called Up and Fully Paid	<b>789</b>	789
All shares rank equally in respect of Shareholder rights.		
<p>In March 2010, the company acquired 443,650 of its own ordinary shares from Channel Hotels and Properties Limited at a price of £3.50 per share as the Directors deemed it was in the best interests of the Company to do so. These shares, representing in excess of 14% of the total shares then in issue, are held as treasury shares.</p> <p>At 25th March 2010 total shares in issue are and fully paid 2,711,617 (2009: 3,155,267).</p>		



<p><b>18. FINANCIAL INSTRUMENTS</b></p> <p>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 to 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.</p> <p>At 25th March 2010 the Company's financial instruments primarily comprise of bank loan borrowings (together with an interest rate swap contract) and cash and cash equivalents. 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:</p> <p><b>Credit Risk</b></p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Concentration of credit risk exists to the extent that at 25th March 2010 and 2009, current account and short term deposits were almost entirely held with one financial institution, Svenska Handelsbanken AB. Maximum exposure to credit risk on cash and cash equivalents at 25th March 2010 was £753,000 (2009: £1,119,000).</p>
<p><b>Currency Risk</b></p> <p>As the Company's assets and liabilities are denominated in Pounds Sterling, there is no exposure to currency risk.</p> <p><b>Interest Rate Risk</b></p> <p>The Company is exposed to cash flow interest rate risk as it borrows at floating interest rates. The Company monitors and manages its interest rate exposure on a periodic basis.</p> <p>The Company finances its operations through a combination of retained profits and bank borrowings. The Company's policy is to borrow at fixed and floating rates of interest. As disclosed in note 15, interest is fixed on £3,600,000 of the total bank borrowings until 31st March 2011.</p> <p>The Company entered into an interest rate swap on 18th December 2008 as a hedge against a floating element of its bank borrowing facility at a swap rate of 2.61% to which was added a margin of 3.79%, bringing the total to a rate of 6.4% per annum. The fair value of the financial instrument amounting to £65,000 has been recognised through profit and loss in the period.</p>
<p><b>Interest Rate Sensitivity</b></p> <p>Financial instruments affected by interest rate risk include loan borrowings (together with an interest rate swap contract) 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:</p>



	0.5% decrease in interest rates		0.5% increase in interest rates	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Impact on net interest payable - gain/ (loss)	24	22	(24)	(22)
Impact on net interest receivable - gain/(loss)	(4)	(6)	4	6
<b>Total impact on pre tax profit and equity</b>	<b>20</b>	<b>16</b>	<b>(20)</b>	<b>(16)</b>

The net exposure of the Company to interest rate fluctuations was as follows:			
	2010	2009	
	£'000	£'000	
Floating rate borrowings (bank loans)	(3,900)	(4,300)	
Less: cash and cash equivalents	753	1,119	
	<b>(3,147)</b>	<b>(3,181)</b>	

<b>Fair value of financial instruments</b>				
Except as detailed in the following table, management consider the carrying amounts of financial assets and financial liabilities recognised at amortised cost approximate to their fair value. A comparison of book values and fair values of the Company's financial assets and liabilities is set out below:				
	2010 Book Value £'000	2010 Fair Value £'000	2009 Book Value £'000	2009 Fair Value £'000
Interest bearing borrowings (note 15)	(8,500)	(8,147)	(7,900)	(7,900)
<b>Total</b>	<b>(8,500)</b>	<b>(8,147)</b>	<b>(7,900)</b>	<b>(7,900)</b>

<b>Categories of financial instruments</b>		
	2010	2009
	£'000	£'000
Financial assets:		
Loans and receivables	103	121
Cash and cash equivalents	753	1,119
Total financial assets	856	1,240
Non-financial assets	21,301	20,758
<b>Total assets</b>	<b>22,157</b>	<b>21,998</b>
Financial liabilities:		
Derivative instruments at fair value through profit or loss	65	-
Amortised cost	9,377	8,682

Total financial liabilities	9,442	8,682
Non-financial liabilities	350	229
Total liabilities	9,792	8,911
Shareholders' funds	12,365	13,087
<b>Total shareholders' equity and liabilities</b>	<b>22,157</b>	<b>21,998</b>

The following table provides an analysis of financial instruments as at 25<sup>th</sup> March that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1: fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial instruments at 25 March 2010</b>				
Derivative instruments at fair value through profit or loss	-	(65)	-	(65)
Quoted investments	3	=	=	3
	<b>3</b>	<b>(65)</b>	<b>=</b>	<b>(62)</b>

There were no such financial instruments recognised in the comparative year on grounds of materiality, other than the quoted investments classified in level 1.

### Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities. The Company has ensured continuity of funding, so that the majority of its borrowings should mature more than one year hence. Cash and cash equivalents at 25th March 2010 amounted to £753,000. Details of the Company's bank borrowings are set out in note 15.

The maturity of the Company's financial liabilities was as follows:	2010	2009
	£'000	£'000
Within one year	200	-
Between one to two years	200	-
Between two to five years	8,100	7,900
	<b>8,500</b>	<b>7,900</b>

### 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 of 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 comprises total borrowings less cash and cash equivalents.

The Company's policy is that the loan to value ratio should not exceed 60% and that the gearing ratio should not exceed 100%. The policy complies with the bank loan covenant that limits the borrowings to not more than 65% of the value of the underlying security until 31st May 2010 at which date it is reduced to 60%.

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Net borrowings (bank loans)	<b>8,500</b>	7,900
Cash and cash equivalents	<b>(753)</b>	<b>(1,119)</b>
Net borrowings	<b><u>7,747</u></b>	<b><u>6,781</u></b>
Shareholders equity	<b>12,365</b>	13,087
Investment properties	<b>21,290</b>	20,745
Loan to value ratio	<b>36.4%</b>	32.7%
Gearing ratio	<b>62.7%</b>	51.8%

#### **19. STATEMENT OF CASH FLOWS**

Analysis of Net Debt	<b>25th March</b>	<b>Cash</b>	<b>26th March</b>
	<b>2010</b>	<b>Movement</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents	(753)	366	(1,119)
Bank loans due within one year	200	200	-
Bank loan due after more than one year	<u>8,300</u>	<u>400</u>	<u>7,900</u>
Net Debt	<b><u>7,747</u></b>	<b><u>966</u></b>	<b><u>6,781</u></b>



<b>20. COMMITMENTS UNDER OPERATING LEASES</b>			
Future rental commitments at 25th March 2010 under non-cancellable operating leases are as follows:-			
		<b>Group</b>	<b>Company</b>
		<b>£'000</b>	<b>£'000</b>
Within one year		3	3
Between two to five years		18	18
		<u>21</u>	<u>21</u>
<b>21. RELATED PARTY TRANSACTIONS</b>			
The Company has entered into an agreement with I.F.M. Consultants Ltd, a company owned and controlled by T.J.C. Parker, a Director of the Company, for that company to provide certain consultancy services. During the year to 25th March 2010, I.F.M. Consultants Ltd was paid £35,875 (2009:£61,100). 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.			

<b>22. SEGMENTAL REPORTING</b>								
	Industrial		Retail		Office		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Rental Income</b>	1,307	1,231	327	346	300	297	<b>1,934</b>	1,874
Gain/(Loss) on property investments at fair value	745	(3,513)	(110)	(990)	(90)	(918)	<b>545</b>	(5,421)
Total income and gain	2,052	(2,282)	217	(644)	210	(621)	<b>2,479</b>	(3,547)
Property expenses	(124)	(97)	-	-	-	-	<b>(121)</b>	(97)
<b>Segment profit/(loss)</b>	<b>1,931</b>	<b>(2,379)</b>	<b>217</b>	<b>(644)</b>	<b>210</b>	<b>(621)</b>	<b>2,358</b>	(3,644)
Unallocated corporate expenses							<b>(448)</b>	(430)
<b>Operating income/(loss)</b>							<b>1,910</b>	(4,074)
Interest expense (all relating to property loans)							<b>(382)</b>	(424)
Interest income and other income							<b>7</b>	<b>41</b>
<b>Income/(loss) before taxation</b>							<b>1,535</b>	<b>(4,457)</b>
Other information	<b>Industrial</b>		<b>Retail</b>		<b>Office</b>		<b>Total</b>	

	2010	2009	2010	2009	2010	2009	2010	2009
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Segment assets	<u>14,285</u>	<u>13,540</u>	<u>4,085</u>	<u>4,195</u>	<u>2,920</u>	<u>3,010</u>	<u>21,290</u>	<u>20,745</u>
Segment assets held as security	<u>6,395</u>	<u>6,390</u>	<u>4,050</u>	<u>4,195</u>	<u>2,580</u>	<u>2,685</u>	<u>13,025</u>	<u>13,270</u>
Segment liabilities							<u>(8,500)</u>	<u>(7,900)</u>

## FIVE YEAR FINANCIAL REVIEW

	IFRS			UK GAAP	
Years Ended 25th March:	2010	2009	2008	2007	2006
	£'000	£'000	£'000	£'000	£'000
<b>PROFIT AND LOSS ACCOUNT</b>					
Property Income	1,934	1,874	1,565	1,536	1,577
Profit before Revaluation and Disposal of Investment Properties and Taxation	990	964	862	568	553
Income/(Loss) before Taxation	1,535	(4,457)	727	4,209	553
Income(Loss) after Taxation	1,168	(3,973)	978	3,745	385
<b>BALANCE SHEET</b>					
Investment Properties	21,290	20,745	21,380	21,515	20,345
Equity Shareholders' Funds	12,365	13,087	17,365	16,671	13,637
<b>PER SHARE</b>					
Basic earnings	37.0p	(125.9p)	31p	118.7p	12.2p
Dividends paid and proposed	10.5p	10.0p	9.5p	8.9p	8.3p
Net Asset Value - IFRS	455p	414p	550p	528p	418p
Net Asset Value - UK GAAP	458p	414p	572p	561p	432p

**Note:**

Equity Shareholders Funds and Net Asset Value per share shown above for 2006 has been restated to reflect the change to IFRS from GAAP.

Equity Shareholders' Funds and Net Asset Value per share shown above for 2006 has been restated in accordance with the Provisions of FRS 21 in respect of dividend accounting.

**23. ANNUAL REPORT AND ACCOUNTS**

The Annual Report and Accounts for the year ended 25<sup>th</sup> March 2010 will be posted to shareholders on or about 19<sup>h</sup> June 2010.

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