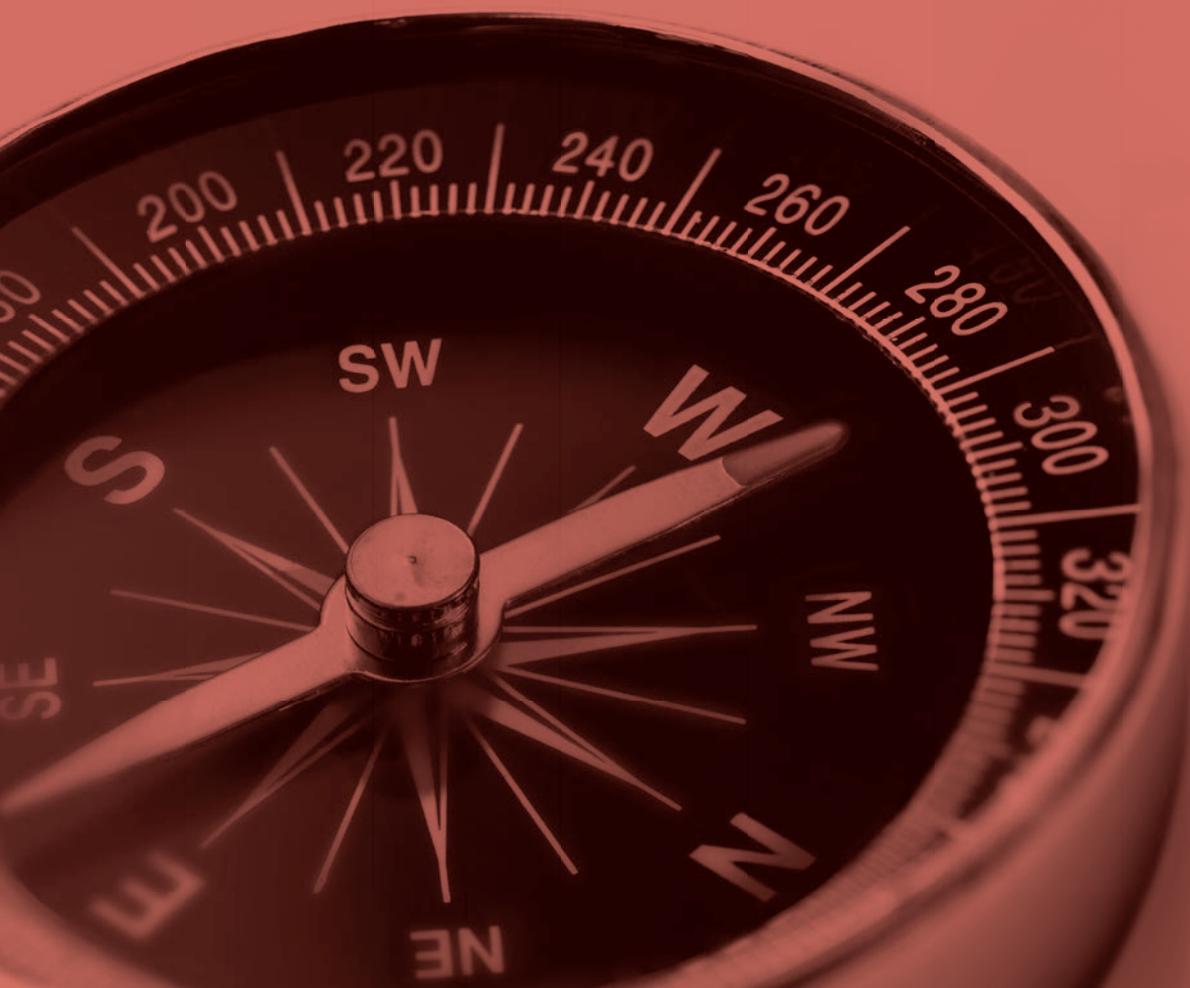


Western Selection P.L.C.

Annual Report and Accounts

30th June 2016



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Directors and Advisers

Directors

D.C. MARSHALL, *Non-Executive Chairman*

David Marshall is the chairman of London Finance & Investment Group PLC, which is a substantial shareholder of Western Selection PLC. David is also chief executive of Marshall Monteagle PLC and a non-executive director of Northbridge Industrial Services PLC and Industrial & Commercial Holdings PLC. He resides in South Africa, where he has interests in listed trading, financial and property companies.

E.J. BEALE, *Non-Executive*

Edward Beale is a Chartered Accountant and is the chief executive of City Group PLC, the Company's company secretary and administrator. Up until August 2013, Edward was a member of the Accounting Council of the Financial Reporting Council. He is currently a member, and previously chairman, of the Corporate Governance Expert Group of the Quoted Companies Alliance. He is the non-executive chairman of Marshall Monteagle PLC and is a non-executive director of London Finance & Investment Group PLC, Finsbury Food Group PLC, Swallowfield PLC, Heartstone Inns Limited, Tudor Rose International Limited and Industrial & Commercial Holdings PLC.

A.J. HALL, *Non-Executive* *

Andrew Hall held senior investment management positions with The Royal Trust Company of Canada and Aitken Hume. In 1985 he joined Sarasin Investment Management Limited, a wholly owned subsidiary of Bank Sarasin & Cie, a major private Swiss bank, as a director with responsibility for expanding investment services, and was managing director from 1989 to 2000 and he is now a consultant with Sarasin & Partners LLP and a director of Sarasin Asset Management Limited.

L.H. MARSHALL, *Non-Executive* *

Lloyd Marshall is the Finance Director of Marshall Monteagle PLC and a number of companies within the Marshall Monteagle Group. He is also a non-executive director of London Finance & Investment Group PLC, Industrial & Commercial Holdings PLC, Tudor Rose International Limited and Heartstone Inns Limited.

J.M. ROBOTHAM, OBE, FCA, *Non-Executive**

Michael Robotham is a non-executive director of London Finance & Investment Group PLC and is a chartered accountant.

* Member of the audit committee

Directors and Advisers (continued)

Advisers

**Company Secretary
and Registered Office**

City Group PLC
6 Middle Street,
London EC1A 7JA
Tel: 020 7796 9060
www.city-group.com

Registered Number

00234871

Website

www.westernselection.co.uk

Auditors

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2 City Place
Beehive Ring Road, Gatwick
West Sussex RH6 0PA

Registrars

Neville Registrars Limited
Neville House
18 Laurel Lane
Halesowen
West Midlands B63 3DA
Tel: 0121 585 1131

**ISDX Corporate
Adviser**

Cairn Financial Advisers LLP
Cheyne House
62-63 Cheapside
London EC2V 6AX

Western Selection P.L.C.

Western Selection PLC (“Western”) is a United Kingdom company that, as a cornerstone investor, takes sizeable minority stakes in relatively small companies usually immediately before or as their shares are admitted to trading on one of the UK’s stock exchanges and have directors in common through which it can provide advice and support for these growing companies.

Western’s share capital is admitted to trading on the ISDX Growth Market. The current price of the Company’s shares can be found on the ISDX Growth Market website (www.ISDX.com) and through the Company’s website: www.westernselection.co.uk.

Results in Brief

	2016	2015
	£000	£000
Profit on ordinary activities before the following:-	64	159
Profit on disposal of investment in Creston PLC	-	2,615
Profit on ordinary activities	64	2,774
Interim dividend per share	1.05p	1.05p
Proposed final dividend per share	1.05p	1.05p
Earnings per share	0.4p	15.5p
Net assets, including investments at fair values	£14,217,000	£13,487,000
Number of shares in issue	17,949,872	17,949,872
Net assets per share	79p	75p
Mid-market price on 30th June	45.0p	49.5p

Financial Calendar

Announcement of unaudited Preliminary Results for the year ended 30 th June 2016	30 th September 2016
Annual General Meeting	30 th November 2016
Final Dividend for 2016	Payable on 5 th December 2016 to shareholders on the register of members at 18 th November 2016
Half year results to 31 st December 2016	To be announced in February 2017
Interim Dividend for 2017	To be announced in February 2017

Strategic Report

Business Model

Western's objective is to generate growth in value for shareholders over the medium to long term and pay a progressive dividend.

Our business model is to take sizeable minority stakes in relatively small companies, usually immediately before or as their shares are admitted to trading on one of the UK's stock exchanges and have directors in common through which we can provide advice and support for these growing companies. These may or may not become associated companies. The aim is that these companies ("Core Holdings") will grow to a stage at which our support is no longer required and our stake can then be sold over time into the relevant stock market.

Companies that are targeted as Core Holdings will have an experienced management team, a credible business model and also good prospects for growth. Core Holdings may be in any sector where management feels it has specific competence.

Our objective is not to build a diversified portfolio, but to identify a limited number of good opportunities for growth in value. This may well see risk concentrated even further than it has previously been.

To acquire these stakes in new Core Holdings, we need to be able to react quickly, and therefore to have readily available funds to invest. To achieve this, we maintain a Treasury Operation consisting of a mix of cash, debt facilities and liquid investments.

Results for the year

The Company's profit for the year before exceptional items was £64,000 (2015 – profit before exceptional items £159,000). In the previous year Western sold its investment in Creston plc, realising an exceptional gain of £2,615,000. After this exceptional item our profit for that year was £2,774,000.

Dividend income from Core Holdings, excluding Creston, has increased by 11% to £129,000 from £116,000 last year, which includes £58,000 from the investment acquired at the start of the year in Bilby Plc. Dividend income from Treasury Operations increased by 19% from £85,000 last year to £101,000. Administrative expenses have decreased by 11% reflecting lower corporate advisory fees.

During the year Western re-invested the proceeds of last year's sale of Creston shares in its Core Holdings (£3,293,000) and in liquid investments (£1,038,000).

Shareholders' funds per share have increased by 5% from 75p to 79p reflecting increases in values of the Core Holdings and Treasury operations.

Dividend

The Company paid an interim dividend of 1.05p per share on 24th March 2016.

A final dividend of 1.05p per share is proposed, making 2.1p for the year, compared to 2.1p for 2015. The dividend will be paid on 5th December 2016 to shareholders on the register at the close of business on 18th November 2016.

Core Holdings

Northbridge Industrial Services plc ("Northbridge")

Northbridge hires and sells specialist industrial equipment to a non-cyclical customer base. With offices or agents in the UK, USA, Dubai, Germany, Belgium, France, Australia, Singapore, India, Brazil, Korea and Azerbaijan, Northbridge has a global customer base. This includes utility companies, the oil and gas sector, shipping, construction and the public sector. The product range includes loadbanks, transformers, generators, compressors, loadcells and oil tools. Further information about Northbridge is available on their website: www.northbridgegroup.co.uk

Western Selection P.L.C.

Northbridge announced its unaudited interim results for the six months ended 30th June 2016 on 29th September 2016 and recorded a loss after tax of £2,338,000 for the period.

Western acquired a further 1,323,632 Northbridge shares during the year for £964,000 bringing its holding to 3,223,632 shares. Western's holding is now 12.45 % of Northbridge's issued share capital. The value of this investment at 30th June 2016 was £ 2,772,000 (2015 - £3,895,000) being 19% (2015 - 29%) of Western's net assets.

Mr D.C. Marshall is a non-executive director of Northbridge.

Swallowfield plc ("Swallowfield")

Swallowfield is a market leader in the development, formulation, manufacture and supply of cosmetics, toiletries and related household products for global brands and retailers operating in the cosmetics, personal care and household goods market. Further information about Swallowfield is available on their website: www.swallowfield.com

Swallowfield announced its annual results to 25th June 2016 on 20th September 2016 and recorded a profit after tax of £2,001,000 compared to a profit of £746,000 for the comparable period last year. Dividends of £52,000 were received from Swallowfield during the year (2015 – nil). A final dividend of 2.3p per share has been declared and Western will receive a further £46,000.

Western acquired a further 130,851 Swallowfield shares during the year for £203,000. At the reporting date, Western owned 2,000,000 shares which was 11.9 % of Swallowfield's issued share capital. The market value of this investment on 30th June 2016 had increased to £3,400,000 from the value at 30th June 2015 of £2,019,000. The value of this investment is 24% (2015 - 15%) of Western's net assets.

On 23rd September 2016, Western sold 200,000 Swallowfield shares for £520,000 (before selling expenses).

Mr E.J Beale is a non-executive director of Swallowfield.

Bilby Plc ("Bilby")

Bilby is an established, and award winning, provider of gas installation, maintenance and general building services to local authority and housing associations across London and South East England. They have a strategy of growing organically and by acquisition. Further information about Bilby is available on their website: www.bilbyplc.com.

In July 2015, Western invested £1,500,000 in acquiring 1,875,000 shares in Bilby and, in April 2016, a further £545,000 for 462,088 Bilby shares. Western now holds 2,337,088 shares which is 5.9 % of Bilby's issued share capital. The market value of this investment on 30th June 2016 was £2,968,000 which is 21% of Western's net assets.

Bilby announced its results for the year ended 31st March 2016 on 14th July 2016 showing a profit after tax of £954,000 compared to a profit of £1,426,000 for the 14 month period ended 31st March 2015. Dividends of £58,000 were received from Bilby during the year. Bilby announced a final dividend of 2.00 p per share which was paid in September 2016 which provided Western with further income of £46,700.

Tudor Rose International Limited (previously Hartim Limited)("Tudor Rose International")

Tudor Rose International works closely with a number of leading UK branded fast moving consumer goods companies, offering a complete sales, marketing and logistical service. Based in Stroud, Gloucestershire, Tudor Rose International sells into 78 countries worldwide including USA, Spain, Portugal, Italy, Czech Republic, Russia, Turkey, South Africa, Saudi Arabia, UAE, Malaysia, Australia and China.

Western holds 49.5% of Tudor Rose International, which has a 31st December year end, and which generated trading profits before tax in the year to 30th June 2016 of £71,000. Turnover in the period was £18,542,000 (2015 - £18,022,000).

Western's share of a profit after tax, including a charge for disallowed tax losses, for the twelve months to 30th June 2016 was £35,000 (2015 – loss of £5,000) and the book value of the investment at 30th June 2016 was £1,290,000 (2015 - £1,223,000) being 9% (2015 – 9 %) of Western's net assets.

Western has two nominees on the board of Tudor Rose International: Mr E.J Beale and Mr L.H. Marshall.

Industrial & Commercial Holdings PLC (“ICH”)

ICH is a small unquoted PLC in which Western holds a 29.9% interest. It owns land with potential for residential planning permission at Milngavie, adjacent to Dougalston golf course, just north east of Glasgow. ICH is currently making representations for its land to be included for housing development in the local authority's next five year plan, but it may take some time for permission to be received.

Western subscribed £80,750 for 8,074,982 shares in ICH pursuant to a rights issue, which was completed in July 2016, and now holds 15,252,744 ICH shares.

Mr D.C. Marshall, Mr L H Marshall and Mr E J Beale are directors of ICH.

City Group P.L.C. (“City Group”)

Western holds 48.6% and London Finance & Investment Group P.L.C. (Western's largest shareholder) holds 51.4% of City Group which provides head office and company secretarial services to both these and other companies. City Group acts as a shared cost centre for related party clients and sells surplus time to unrelated clients. Mr E.J Beale is Chief Executive of City Group and Mr D.C. Marshall, Mr L.H. Marshall and Mr J.M. Robotham are directors of City Group.

Treasury Operations

Treasury operations comprise bank borrowing facilities of £1,900,000 and liquid investments. At the year-end the Company had net debt of £888,000 (2015 cash – £3,889,000) and liquid investments valued at £4,488,000 (2015 - £2,450,000). The Company had drawn down £1m of the facility at 30th June 2016 (2015 - nil) and has also invested part of the proceeds of the sale last year of Creston plc shares totalling £1,038,000 in the portfolio of liquid investments.

Outlook

The recent Brexit vote is likely to exacerbate volatility in stock markets and consequently in the value of the Company's holdings. Exchange rate movements impose additional volatility on the valuation of the Company's holdings of shares in overseas companies. The Company's strong balance sheet provides it with the opportunity to capitalise on any opportunities that may arise.

Summary of Net Assets

	2016			2015		
	Cost	Carrying		Cost	Carrying	
	£000	Value	%	£000	Value	%
	£000	£000		£000	£000	
Quoted Core Holdings						
Northbridge Industrial Services Plc	2,994	2,772	20	2,029	3,895	29
Swallowfield plc	2,210	3,400	24	2,007	2,019	15
Bilby plc	2,045	2,968	21	-	-	-
Total	7,249	9,140	65	4,036	5,914	44
Associated companies (a)						
Tudor Rose International Limited (b)	1,420	1,290	9	1,388	1,223	9
Industrial & Commercial Holdings Plc (c)	189	104	1	108	22	-
City Group Plc	83	97	1	83	81	1
Total	1,692	1,491	11	1,579	1,326	10
Total Core Holdings	8,941	10,631	76	5,615	7,240	54
Cash at bank/(net debt)	(888)	(888)	(6)	3,889	3,889	29
Other net assets (d)	2,498	4,474	30	1,410	2,358	17
Net Assets	10,551	14,217	100	10,914	13,487	100

Notes

- a) The carrying value of these associated companies is cost plus the Company's share of profits/(losses).
- b) Includes loans of £692,000 (2015 - £660,000).
- c) 2016 includes £81,000 of subscription monies for which shares had not been issued at the reporting date.
- d) Other net assets includes non-cash assets within Treasury Operations and other working capital balances.

Key Performance Indicators

Key Performance Indicators ("KPIs") are the yardsticks against which the Board measures the performance of the Company. Our objective is to achieve long term growth of both shareholder funds and dividends payable. The KPIs below reflect our single track business model.

	2016	2015	2014	2013	2012
Shareholders' funds per share - pence	79.1	75.1	102.0	82.4	71.8
Dividends per share – pence	2.1	2.1	2.0	1.9	1.7
Our other principal KPIs are:					
Normalised earnings per share – pence	0.4p	15.5	3.5	6.1	(0.1)
Administration expenses - £'000	290	324	314	260	282

2015 normalised earnings per share include the profit on sale of Creston plc shares. 2014 and 2013 normalised earnings per share exclude our share of Tudor Rose International's exceptional items but include the profit on sale of Northbridge shares. The timing of realisation of investments makes this measure volatile.

Administration expenses included certain one off reductions in 2013 and include higher directors' fees from 2014.

Definition of KPIs used above

Shareholders' funds per share - Year end shareholder funds divided by the number of shares in issue at the year end.

Dividends per share - Dividends declared for the year.

Normalised earnings per share - Earnings for the year, excluding exceptional items as disclosed in the Statement of Comprehensive Income, divided by the weighted average number of shares in issue over the year, as set out in note 5 on page 19. Profits (and losses) on disposal of investments are considered to be part of the Company's normal operations and are therefore not classified as exceptional in the Statement of Comprehensive Income.

Administration expenses - Excluding any exceptional items.

Financial Instruments

The financial instruments of the Company are the Core Holdings and Treasury Operations. Details of the Company's risk assessments and risk policy are set out in note 16 on page 23.

Risks and Uncertainties

Our business model is to embrace risk associated with our Core Holdings and to manage operational risk in supporting processes. The main risks arising from the Company's financial instruments are price risk, interest rate risk, liquidity risk, credit risk and currency risk as set out in note 16 on page 23. Loans to Core Holdings and their directors are reviewed for credit worthiness at each Board meeting. The Board reviews and agrees policies which have remained unchanged for the year under review for managing these risks.

Share Capital

At 30th June 2016 the issued share capital of the Company was 17,949,872 ordinary shares of 40p each. The Company considers its capital to consist of ordinary share capital, share premium and capital reserves. The Company's primary objective in managing its capital is to provide, over the long term, real growth in value for shareholders through a combination of capital growth and distributions. The Company has limited borrowing and intends to maintain a low gearing ratio.

Annual General Meeting

The Notice of the Annual General Meeting, to be held on 30th November 2016, can be found on pages 27 to 29 of these accounts and sets out the business to be considered at the meeting. Resolutions 1 to 6 will be proposed as Ordinary Resolutions and Resolutions 7 and 8 will be proposed as Special Resolutions. Certain elements of the business relating to these Resolutions are explained below:

Resolution 3

Re-election of Non-Executive Director

To re-elect Mr A.J Hall as a non-executive director, who retires by rotation at the Annual General Meeting and offers himself for re-election in accordance with the Company's Articles of Association. The Board has confirmed, following a performance review, that Mr A.J. Hall continues to perform effectively and demonstrate commitment to his role. Further information relating to the experience and background of Mr A.J. Hall can be found on page 1 of these accounts.

Resolution 4

Election of Non-Executive Director

To elect Mr L.H. Marshall as a Director, who has been appointed as a Director since the last Annual General Meeting and offers himself for election. Further information relating to the experience and background of Mr L.H. Marshall can be found on page 1 of these accounts.

Resolution 6

Allotment of share capital

Resolution 6 provides authority to allot shares in accordance with section 551 of the Companies Act 2006 in the period up to the conclusion of the Company's annual general meeting in 2017. If passed, this resolution would enable the directors to allot shares (and to grant rights to subscribe for or convert any security into shares in the Company) up to an aggregate nominal amount of £4,820,000 which is just below the amount of the Company's authorised but unissued share capital. The directors have no specific plans to allot any ordinary shares in the Company.

Resolution 7 (Special Resolution)

Disapplication of pre-emption rights

Resolution 7 will empower the directors to allot ordinary shares for cash, pursuant to the authority granted by Resolution 6, on a non-pre-emptive basis (a) in connection with a rights issue or open offer and (b) (otherwise than in connection with a rights issue or open offer) up to a maximum nominal value of £717,995 representing approximately 10% of the issued ordinary share capital of the Company as at 1st November 2016 (being the latest practicable date prior to publication of this document) in the period up to the conclusion of the Company's annual general meeting in 2017.

Resolution 8 (Special Resolution)

Purchase of own shares

At the last Annual General Meeting, shareholders gave the Company limited authority to buy its own shares in the market at a minimum price for any such purchase of 40p. A similar resolution will be proposed at this year's Annual General Meeting as the directors believe that in certain circumstances it may be in shareholders' best interest to buy in shares if the discount between the share price and net asset value is sufficiently large.

Recommendation

The Board believes that the adoption of Resolutions 1 to 8 will promote the success of the Company and is in the best interests of the Company and its shareholders as a whole. The Board unanimously recommends that you vote in favour of Resolutions 1 to 8 as the directors intend to do in respect of their own beneficial holdings which as at 1st November (being the latest practicable date prior to publication of this document) amount in aggregate to 156,800 ordinary shares, representing approximately 0.87% of the ordinary shares currently in issue.

By order of the Board,

CITY GROUP P.L.C.
Company Secretary

2nd November 2016

Directors' Report

Directors

A list of the present directors of the Company is shown on page 1. The beneficial interests of the directors in the shares were as follows:

At 30th June	2016	2015
	Shares	Shares
D.C. Marshall	-	-
E.J. Beale	-	-
A.J. Hall	121,800	121,800
L.H. Marshall	-	-
J.M. Robotham	35,000	35,000

There have been no changes in directors' share interests between 30th June 2016 and the date of this report.

Mr A.J. Hall retires by rotation in accordance with the Articles of Association and, being eligible, offers himself for re-election and Mr L.H. Marshall offers himself for election.

Four of the Company's directors, Mr D.C. Marshall, Mr E.J. Beale, Mr L.H. Marshall and Mr J.M. Robotham are also directors of London Finance & Investment Group PLC.

Substantial Interests

At the date of this report the Company has been notified pursuant to Rule 5 of the Disclosure and Transparency Rules of the following interest in 3% or more of its shares:

	Shareholding	% interest
London Finance & Investment Group P.L.C.	7,860,515	43.8
W.T. Lamb Holdings Limited	1,250,000	7.0
The Corporation of Lloyds	914,704	5.1
Forest Nominees Limited	774,542	4.3
T.W.G. Charlton	725,734	4.0
Cheviot Capital (Nominees) Limited	559,042	3.1
P S Allen	553,250	3.0

Directors' Report (continued)

Corporate Governance

Listed companies (but not companies traded on ISDX Growth Market) incorporated in the UK are required to state in their report and accounts whether they comply with the UK Corporate Governance Code (the "UK Code") and identify and give reasons for any areas of non-compliance. The Company's shares are traded on the ISDX Growth Market and as such disclosures of compliance with the UK Code or reasons of non-compliance are not required. This is not a statement of compliance as required by the UK Code and should therefore not be relied upon to give the disclosure required by the UK Code.

The Company applies the QCA's Corporate Governance Code for Smaller and Mid-sized Quoted Companies wherever it is reasonable to do so. Corporate Governance is about having clear objectives, and having people in place with relevant skills and experience, working as a team, to achieve those objectives. Appropriate organisational structures and processes provide a framework supporting such teamwork, but are no substitute either for teamwork, or the skills or experience needed to achieve objectives.

The Company operates an effective Board, which includes non-executive directors. Director biographies are given on page 1 of this report. Mr Hall and Mr Robotham are considered to be independent, despite the length of time that they have been members of the Board, taking into account their personalities, and the Company's remuneration and ownership structures.

A separate audit committee of independent non-executive directors is established and meets on a timely basis. No separate audit committee report is presented to shareholders as this would not improve the quality of communication with shareholders given the simple structure of the Company. The main roles of the committee are to manage the relationship with external auditors, oversee reporting of risk and risk mitigation processes, and to review communications with shareholders concerning the Company's accounts.

The Board met on seven occasions during the year following a formal agenda. Attendance at Board and Audit committee meetings during the year is shown in the following table:

	Board (scheduled)	Audit Committee
No. of meetings in year	7	2
D.C. Marshall	7	-
E.J. Beale	7	-
A.J. Hall	6	2
J.M. Robotham	6	2
L H. Marshall	1	-

The appointment of directors and the purchase and sale of Core Holdings are matters for the entire Board. In accordance with the Company's Articles of Association, at each annual general meeting one-third of the directors are subject to retirement by rotation provided that the number of directors retiring does not exceed one-third.

The Company has no Remuneration Committee because the Company has no employees and the remuneration of each director is limited by the Articles of Association and set out in detail in the statutory accounts which are approved by shareholders in General Meeting. None of the directors has a service contract with the Company. Share options are not awarded to directors for services provided to the Company.

The Board is aware of the need for appropriate controls and systems to safeguard the Company's assets. Risks are regularly reviewed and appropriate controls are put in place and monitored by the Board. Other than investment risk, the main risks are around misappropriation of assets, diversion of income, and improper expenditure. Controls include authorisation limits, segregation of duties and prompt reviews of transactions.

Directors' and Officers' Liability Insurance

During the year, the Company has maintained insurance cover for its directors and officers under a Directors' and Officers' liability insurance policy.

Statement of Directors' Responsibilities in Respect of the accounts

The directors are responsible for preparing the strategic report, annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. The directors are also required to prepare financial statements in accordance with the rules of the ISDX Growth Market.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The directors, after making enquiries, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis in preparing the accounts.

Auditors

BDO LLP have signified their willingness to continue as auditors to the Company. Under the Companies Act 2006 section 487(2) they will be automatically re-appointed as auditors 28 days after these financial statements are sent to members, unless the members exercise their rights under the Companies Act 2006 to prevent their re-appointment.

The directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's Auditors for the purposes of their audit and to establish that the Auditors are aware of that information. The directors are not aware of any relevant audit information of which the Auditors are unaware.

2nd November 2016

By order of the Board,

CITY GROUP P.L.C.
Company Secretary

Statement of Comprehensive Income

For the year ended 30 th June	Notes	2016 £000	2015 £000
Income from investments in:			
Listed strategic undertakings		129	238
Other listed undertakings		<u>101</u>	<u>85</u>
		230	323
Administrative expenses	2	(290)	(324)
Profit on disposal of investment in Creston plc		-	2,615
Profit on disposal of other investments		<u>49</u>	<u>143</u>
Operating (loss)/profit		(11)	2,757
Share of profits/(losses) of associated companies		52	(3)
Interest receivable		45	41
Finance costs		<u>(9)</u>	<u>(11)</u>
Profit before taxation		77	2,784
Taxation	4	<u>(13)</u>	<u>(10)</u>
Profit after taxation attributable to equity shareholders		<u>64</u>	<u>2,774</u>
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss :-			
Fair value recycled from equity on disposal		(31)	(1,885)
Fair value adjustment on listed undertakings		1,073	(5,470)
Deferred taxation on fair values		<u>-</u>	<u>137</u>
Total Other Comprehensive profit/(loss)		<u>1,042</u>	<u>(7,218)</u>
Total comprehensive profit/(loss)		<u>1,106</u>	<u>(4,444)</u>
Basic and diluted profit per share attributable to ordinary equity holders	5	0.4p	15.5p

The notes on pages 17 to 25 form part of these accounts.

Statement of Changes of Equity

	Share capital £000	Share premium account £000	Capital reserve account £000	Unrealised profits on investments £000	Share of undistributed profits/ (losses) of associates £000	Realised profits £000	Total £000
Year ended 30th June 2015							
Balances at 1 st July 2014	7,180	2,654	3	6,731	(249)	1,989	18,308
Profit for the period	-	-	-	3,019	(3)	(242)	2,774
Items that can be reclassified to the income statements – Other Comprehensive loss – Fair values net of tax	-	-	-	(7,218)	-	-	(7,218)
Total Comprehensive loss	-	-	-	(4,199)	(3)	(242)	(4,444)
Transactions with shareholders							
Final dividend paid in respect of prior year	-	-	-	-	-	(188)	(188)
Interim dividends paid in respect of the year	-	-	-	-	-	(189)	(189)
Total transactions with shareholders	-	-	-	-	-	(377)	(377)
Balances at 30th June 2015	7,180	2,654	3	2,532	(252)	1,370	13,487

	Share capital £000	Share premium account £000	Capital reserve account £000	Unrealised profits on investments £000	Share of undistributed profits/ (losses) of associates £000	Realised profits £000	Total £000
Year ended 30th June 2016							
Balances at 1 st July 2015	7,180	2,654	3	2,532	(252)	1,370	13,487
Profit for the period	-	-	-	-	52	12	64
Items that can be reclassified to the income statements – Other Comprehensive income – Fair values net of tax	-	-	-	1,042	-	-	1,042
Total Comprehensive Income	-	-	-	1,042	52	12	1,106
Transactions with shareholders							
Final dividend paid in respect of prior year	-	-	-	-	-	(188)	(188)
Interim dividends paid in respect of the year	-	-	-	-	-	(188)	(188)
Total transactions with shareholders	-	-	-	-	-	(376)	(376)
Balances at 30th June 2016	7,180	2,654	3	3,574	(200)	1,006	14,217

Western Selection P.L.C.

Registered Number 234871

Statement of Financial Position

At 30 th June	Notes	2016 £000	2015 £000
Non-current Assets:			
Investment in Associated companies	6	799	666
Investments classified as available for sale	7	13,628	8,364
Trade and other receivables	8	692	660
		<u>15,119</u>	<u>9,690</u>
Current Assets			
Trade and other receivables	8	85	24
Cash and cash equivalents		112	3,889
		<u>197</u>	<u>3,913</u>
Current Liabilities			
Trade and other payables	9	(99)	(116)
Net Current Assets		<u>98</u>	<u>3,797</u>
Financial Liabilities falling due in more than one year	10	<u>(1,000)</u>	<u>-</u>
Net Assets		<u>14,217</u>	<u>13,487</u>
Equity			
Share capital	13	7,180	7,180
Share premium account	14	2,654	2,654
Capital reserve account	15	3	3
Unrealised profits on investments		3,574	2,532
Share of undistributed losses of associates		(200)	(252)
Realised profits		1,006	1,370
Shareholders' Funds		<u>14,217</u>	<u>13,487</u>

Approved and authorised for issue by the Board on 2nd November 2016.

E.J. BEALE Director

The notes on pages 17 to 25 form part of these accounts

Statement of Cash Flow

For the year ended 30 th June	Notes	2016 £000	2016 £000	2015 £000	2015 £000
Profit before taxation			77		2,784
Profit on sale of Creston Plc			-		(2,615)
Profit on sale of investments			(49)		(143)
Share of results of associates			(52)		3
Net interest receivable			(36)		(30)
Changes in working capital					
Increase in trade and other receivables			(93)		-
Increase/(decrease) in trade and other payables			(17)		22
Cash (absorbed)/generated by operations			(170)		21
Taxation paid			(13)		(10)
Net interest received			36		30
Net cash (absorbed)/generated by operations			(147)		41
Cash flow from investment activities					
Proceeds on disposal of financial instruments		78		931	
Purchase of financial instruments		(1,038)		(104)	
		(960)		827	
Investments in associate		(81)		-	
Purchase of Core Holdings		(3,213)		(52)	
Disposal of Core Holdings		-		4,040	
		(4,254)		4,815	
Net cash (absorbed)/generated by investment activities			(4,254)		4,815
Financing activities					
Loan drawdown		1,000		-	
Equity dividend paid		(376)		(377)	
Net cash inflow/(outflow) from financing activities			624		(377)
Movement in cash and cash equivalents			(3,777)		4,479
Cash and cash equivalents/(overdrafts) at start of year			3,889		(590)
Cash and cash equivalents at end of year			112		3,889

Analysis of net (debt)/funds

	At start of year £000	Cash Flow £000	At end of year £000
2016			
Cash and cash equivalents	3,889	(3,777)	112
Bank borrowings	-	(1,000)	(1,000)
Total net funds/(debt)	<u>3,889</u>	<u>(4,777)</u>	<u>(888)</u>
2015			
Cash and cash equivalents	-	3,889	3,889
Bank overdraft	(590)	590	-
Total net (debt)/funds	<u>(590)</u>	<u>4,479</u>	<u>3,889</u>

The notes on pages 17 to 25 form part of these accounts

Notes to the Accounts

For the year ended 30th June 2016

1. Accounting Policies

- (i) These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations), issued by the International Accounting Standards Board (IASB) and adopted by the European Union and with the Companies Act 2006 applicable to companies preparing their accounts under IFRS. The financial statement have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The most significant estimates are explained below:

In accordance with IAS39 the Company is required to measure certain financial assets at their fair values.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision in future periods if applicable. The most significant techniques for estimation are described in the accounting policies below. These policies have been applied consistently to all of the years presented, unless otherwise stated.

- (ii) Dividends receivable are recognised in the income statement, in respect of quoted shares, when the shares are quoted ex-dividend and, in respect of unquoted shares, when the dividend is declared.
- (iii) Financial assets are classified by category, depending on the purpose for which the asset was acquired. The Company's accounting policy is as follows:
- a) Quoted investments held as core holdings or as part of treasury operations are classified as available-for-sale financial assets. They are carried at market value with changes in market value recognised directly in other comprehensive income and recycled through the income statement on disposal. Where a decline in the market value of an available-for-sale financial asset constitutes a prolonged or significant evidence of impairment, the amount of the loss in value is removed from other comprehensive income and recognised in the income statement. This valuation method is classified as level 1 under IFRS 13 in terms of the fair value hierarchy, being quoted (unadjusted) market prices in active markets for identical assets.
 - b) Trade and other receivables are carried at amortised cost. The carrying amounts approximate to their fair values, the transactions giving rise to these balances arising in the normal course of trade and standard industry terms.
- (iv) Investments in associated companies are equity accounted when they meet the definition of an associate under IAS 28, i.e. that the investor has a significant influence. The investment is initially recognised at cost and then adjusted for the share of comprehensive income.
- (v) The charge for taxation is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income (primarily franked dividend income) and expense that are never taxable or deductible and items which are taxable or deductible in other years.
- Deferred taxation is provided on the liability method based on temporary differences between the taxation base of an asset or liability and its carrying amount. A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the deferred taxation asset can be realised in the foreseeable future.
- (vi) Cash and cash equivalents comprise cash balances and deposits less bank borrowings.
- (vii) The Company comprises one business segment only. This is consistent with internal reporting. All revenues are derived from operations within the United Kingdom. Consequently no separate business or geographical segment information is provided.

2. Administrative expenses

	2016	2015
	£000	£000
Auditors' remuneration – for audit services	18	19
Directors' emoluments as set out in Note 3	65	65
Other administrative expenses	207	240
	<u>290</u>	<u>324</u>

3. Directors' emoluments and related party disclosures

The emoluments of key management personnel, who are the directors and who were the only employees of the Company were:

	2016	2015
	£000	£000
D.C. Marshall	-	-
A.J. Hall	15	15
E.J. Beale	-	-
J.M. Robotham	15	15
	30	30
Amount paid to related parties	15	15
Amount paid to third parties	20	20
	<u>65</u>	<u>65</u>

The services of Mr D.C. Marshall are supplied for £20,000 by a company, in which none of the directors are beneficially interested (2015 - £20,000). The services of Mr E.J. Beale were supplied by his primary employer, City Group PLC, for £15,000 (2015 - £15,000).

No bonuses have been paid in cash or equity in the year (2015: Nil).

The section on Related Party Disclosures below gives details of the interests of the directors in any material transactions. Other than as disclosed there and above no director was interested in any contract between the directors, the Company and any other related parties which subsisted during or at the end of the financial year.

Related party disclosures

London Finance & Investment Group P.L.C. ("Lonfin") has a 43.8% interest in the Company. Mr D.C Marshall, Mr E.J. Beale, Mr L.H. Marshall and Mr J.M. Robotham are directors of Lonfin. Mr D.C. Marshall has an interest in Lonfin through family trusts, which hold 12,890,693 shares, representing 41.3% of Lonfin's issued share capital. Mr J.M. Robotham has a non-beneficial interest in Lonfin of 12,890,693 shares as a trustee of some of the Marshall family trusts, and a beneficial interest in 30,000 shares. There were no amounts due to or from Lonfin at 30th June 2016 or 2015.

The Company owns 48.6% of City Group P.L.C. ("CGL") and the remaining 51.4% is owned by Lonfin. Mr D.C. Marshall, Mr E.J. Beale, Mr L.H. Marshall and Mr J.M. Robotham are directors of Lonfin and also CGL. CGL provides office, accounting and company secretarial services to the Company, Lonfin and other companies. During the year under review the Company paid £147,000 (2015 - £100,000) to CGL. These fees covered the provision of office accommodation to directors, investment advice, portfolio management, company secretarial, administrative and accounting services. At 30th June 2016 fees and expenses of £46,000 were due to CGL (2015 - £38,000).

Notes to the Accounts (continued)

For the year ended 30th June 2016

4. Taxation

The tax charge for the year arises on unrelieved tax on foreign dividend income. The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2016	2015
	£000	£000
Profit before taxation	<u>77</u>	<u>2,784</u>
Taxation at 20.00% (2015 – 20.75%)	<u>(15)</u>	<u>(577)</u>
Effects of:		
Tax losses carried forward/(utilised)	(52)	(62)
Capital gains losses utilised	10	30
Non-taxable provision released	-	543
Associates – share of results net of tax	10	(1)
Non-taxable franked and other income	<u>34</u>	<u>57</u>
	<u>(13)</u>	<u>(10)</u>

Dividends received from UK companies (franked income) are recognised in the income statement net of their associated tax credit. The excess of available losses was not previously reflected in the statement of financial position (see note 1(v)) and the change in the rate of tax therefore has no impact on assets or liabilities.

5. Earnings per share

Earnings per share are based on the profit on ordinary activities after taxation of £64,000 (2015 - £2,774,000) and on 17,949,872 shares (2015 – 17,949,872) being the weighted average number of shares in issue during the period.

	2016	2015
Basic earnings per share	<u>0.4p</u>	<u>15.5p</u>

Diluted earnings per share at 30th June 2016 and 30th June 2015 are the same as basic earnings per share.

6. Non-current assets – Investments in Associates

	2016	2015
	£000	£000
Shares at cost:		
Cost	918	918
Addition during year – subscription for new shares	81	-
Cumulative share of losses	<u>(200)</u>	<u>(252)</u>
Balance at 30 th June	<u>799</u>	<u>666</u>

Loans of £692,000, detailed in note 8 on page 22, have been included in the total carrying value of investments in associate companies of £1,491,000 on page 7.

6. Non-current assets – Investments in Associated companies (continued)

- a) Tudor Rose International Limited (“Tudor Rose International”) The company is incorporated and operates in England and Wales and its prime activity is that of an international trading company. At 30th June 2016, Tudor Rose International had 441,090 A ordinary and 450,000 B ordinary 1p shares in issue. Western owns all of the A shares, equivalent to 49.5% of the company. The A ordinary and B ordinary shares rank pari passu in respect of income, capital and voting rights. The following amounts for the year ended 30th June 2016 have been extracted from the consolidated audited accounts at 31st December 2015 and the unaudited management accounts of Tudor Rose International at 30th June 2016.

At 30 th June	2016 £000	2015 £000
Non-current assets – property, plant and equipment	384	380
Investments/Goodwill	3,391	3,391
Currents Assets	2,661	2,833
Current Liabilities	(4,665)	(5,062)
Net Current Liabilities	(2,004)	(2,229)
Non-current liabilities	(894)	(737)
Aggregate capital and reserves	876	805
Share of net assets	434	399
Share of post-acquisition losses	(131)	(166)
Year ended 30 th June		
Turnover	18,476	18,022
Profit/(Loss) after tax	71	(11)
Share of profit/(loss) after tax for the year to 30 th June	35	(5)

- b) **City Group P.L.C.** (“CGL”) is incorporated and operates in England and Wales and its prime activity is the provision of corporate services. CGL’s year end is 30th June. It has 70,000 ordinary shares in issue of which the Company owns 34,000 (48.6%). The following amounts have been extracted from the un-audited accounts of CGL for the year ended 30th June 2016.

At 30 th June	2016 £000	2015 £000
Net current assets	161	121
Turnover	447	427
Profit/(Loss) before and after taxation	31	17
Aggregate capital and reserves	183	152
Share of net assets	89	76
Share of profit after tax for the year	15	8
Share of post-acquisition profit/(loss) for the year to 30 th June	24	8

- c) **Industrial and Commercial Holdings PLC** (“ICH”) is incorporated and operates in England and Wales and its prime activity is that of a holding company. ICH’s year end is 30th June. It has 23,997,985 ordinary 1p shares in issue of which the Company owns 7,177,762 shares (29.9%). The following amounts have been extracted from the audited accounts of ICH. Western has subscribed £80,750 for 8,074,982 as part of a rights issue by ICH which straddled the year end and has included that amount under investments in associated companies in the Statement of Financial Position at the reporting date, in advance of allocation and subsequent issue of share certificates in July 2016.

At 30 th June	2016 £000	2015 £000
Non-current assets – property, plant and equipment	42	42
Net current assets	7	5
Profit/(Loss) before and after taxation	3	(20)
Aggregate capital and reserves	-	46
Share of net assets	-	14
Share of profit/(loss) after tax for the year	1	(6)
Share of post-acquisition loss for the year to 30 th June	(84)	(85)

Notes to the Accounts (continued)

For the year ended 30th June 2016

7. Non-current assets – Investments classified as available for sale (see note 1(iii) a)

Year ended 30 th June 2016	Quoted Core Holdings £000	Other Quoted Investments £000	Unquoted Investments £000	Total £000
Cost	4,036	1,503	194	5,733
Fair value adjustment	1,878	947	-	2,825
Balance at 1 st July 2015	5,914	2,450	194	8,558
Additions	3,212	1,038	-	4,250
Disposals	-	(28)	-	(28)
Fair value adjustments recycled from equity to the income statement on disposals	-	(31)	-	(31)
Change in fair value adjustments	14	1,059	-	1073
Balance at 30 th June 2016	9,140	4,488	194	13,822
Provisions for impairment in value:				
Balance at 1 st July 2015	-	-	(194)	(194)
Balance of provisions for impairment in value at 30th June 2016	-	-	(194)	(194)
Net balance at 30th June 2016	9,140	4,488	-	13,628

Year ended 30 th June 2015	Quoted Core Holdings £000	Other Quoted Investments £000	AIM, ISDX & other investments and quoted Funds £000	Total £000
Cost	8,428	2,072	319	10,819
Fair value adjustment	9,304	838	26	10,168
Balance at 1 st July 2014	17,732	2,910	345	20,987
Additions	52	104	-	156
Disposals	(4,444)	(797)	(126)	(5,367)
Fair value adjustments recycled from equity to the income statement on disposals	(1,725)	(135)	(25)	(1,885)
Change in fair value adjustments	(5,701)	368	-	(5,333)
Balance at 30 th June 2015	5,914	2,450	194	8,558
Provisions for impairment in value:				
Balance at 1 st July 2014	(3,019)	-	(194)	(3,213)
Released on disposal	3,019	-	-	3,019
Balance for provisions for impairment in value at 30th June 2015	-	-	(194)	(194)
Net balance at 30th June 2015	5,914	2,450	-	8,364

8. Trade and other receivables

	2016	2015
	£000	£000
Receivable after more than one year		
Loan to associate	500	500
Other loans	192	160
	<u>692</u>	<u>660</u>
Receivable in less than one year		
Amounts due from associate	38	-
Prepayments and accrued income	47	24
	<u>85</u>	<u>24</u>

The loan of £500,000 was made to Tudor Rose International and is convertible into equity if not repaid and carries interest at a rate of 6% over the Bank of England base rate. It is repayable by 31st December 2017 and is secured over Tudor Rose International's principal asset, its investment in TRI 2015 Ltd.

Western has also lent £192,000 to Tudor Rose International's Executive Management Team, to assist them in the purchase of shares in the company formerly owned by the retiring managing director. These loans bear interest at a rate of 4.5% over the Bank of England base rate, are repayable by 31st December 2018, and are secured over these shares. All dividends on these shares will be applied to the repayment of these loans.

9. Trade and other payables

	2016	2015
	£000	£000
Other accounts payable and accruals	<u>99</u>	<u>116</u>

10. Financial Liabilities falling due in more than one year

	2016	2015
	£000	£000
Bank borrowings	<u>1,000</u>	<u>-</u>

The Company has available a £1,900,000 revolving credit facility terminating on 31st August 2020 which is secured by a charge over the Company's investments. Interest is chargeable at 3.0% per annum over Coutts & Co.'s base rate fluctuating from time to time.

11. Deferred Taxation

The Company has not provided for potential deferred tax liabilities as available losses exceed unrealised gains. The potential tax liability on unrealised gains of £802,000 is less than the Company's estimated Corporation Tax losses of £4,283,000 (2015 - £4,325,000) and Capital Tax losses of £1,354,000 (2015 - £1,259,000). These losses are subject to agreement of tax computations with Her Majesty's Revenue & Customs. Deferred tax assets are not recognised because it is not probable that future taxable profits will be available, in the foreseeable future, against which these deferred tax assets can be realised.

Notes to the Accounts (continued)

For the year ended 30th June 2016

12. Equity

The following describes the nature and purpose of each component within equity:-

	Description and Purpose
Share capital	Nominal value of issued share capital.
Share premium	Amount subscribed for share capital in excess of nominal value.
Capital Reserve	Amount transferred from realised profit equal to the value of any shares cancelled to maintain capital.
Unrealised profits and losses on investments	Difference between historical cost and fair value of investments held, as set out in the Statement of Financial Position.
Share of undistributed profits/(losses) of associates	The Company's share of cumulative post-acquisition gains and losses of associated companies recognised in the Statement of Comprehensive Income
Realised profits and losses	Realised profits of the Company less realised losses and unrealised losses other than on investments.

13. Share Capital

	2016 £000	2015 £000
Authorised equity share capital		
30,000,000 shares of 40p each (2015 – 30,000,000 shares of 40p each)	<u>12,000</u>	<u>12,000</u>
 Allotted, called up and fully paid equity share capital:		
Balance brought forward and carried forward at 30 th June – 17,949,872 shares of 40p each	<u>7,180</u>	<u>7,180</u>

14. Share Premium Account

	2016 £000	2015 £000
Balance brought forward at 1st July and carried forward at 30th June	<u>2,654</u>	<u>2,654</u>

15. Capital Reserve Account

	2016 £000	2015 £000
Balance brought forward and carried forward at 30th June	<u>3</u>	<u>3</u>

16. Financial Instruments

The directors set out below an explanation of the role that financial instruments have had during the period in creating or changing the risks the Company faces in its activities. The explanation summarises the objectives and policies for holding or issuing financial instruments and similar contracts, and the strategies for achieving the objectives that have been followed during the year. The Company monitors its performance against these objectives on a continuous basis and through bi-monthly reports of the investment portfolio and cash position.

Financial Instruments (continued)

The categories of financial instruments used by the Company are:-

	2016 £000	2015 £000
Financial assets		
Available for sale investments	13,628	8,364
Trade and other receivables	85	24
Loans receivable	692	660
Financial Liabilities		
Bank borrowings	(1,000)	-
Trade and other payables	(99)	(116)

Our business model is to embrace risk associated with our Core Holdings and to manage operational risk in supporting processes. The main risks arising from the Company's financial instruments are price risk, interest rate risk, liquidity risk and credit risk. The Board reviews and agrees policies which have remained unchanged for the year under review for managing these risks.

Price Volatility

As part of its treasury operations the Company may own a spread of financial instruments with good market liquidity. The future values of these financial instruments will fluctuate because of changes in interest rates, exchange rates and other market factors. The Company is also exposed to market price risk on its Core Holdings.

The directors believe that the exposure to market price risk from these activities is acceptable in the Company's circumstances.

The sensitivity to each 1% decrease in the value of financial instruments would result in their fair values decreasing by £136,000 (2015 - £84,000) and a corresponding decrease in unrealised profits. A 1% increase, would, on the same basis, increase fair values and increase the unrealised profits.

Interest Rate Risk Profile

The Company finances its operations through a mixture of share capital, share premium, reserves and retained profits. The Company also has available a bank borrowing facility, in pounds sterling, at a floating rate of interest. The Company's policy is to keep any of its borrowings at floating rates of interest. Surplus funds are held in interest bearing accounts at competitive commercial rates.

The Company's principal financial assets are its Core Holdings. There are no investments in fixed interest stock and the majority of financial instruments consist of equity investments, for which an interest rate profile is not relevant. Interest is not charged on trade and other receivables (except loans) or incurred on trade and other payables.

The Company has a five-year revolving credit facility of £1,900,000 expiring on 31st August 2020. The facility is secured on the portfolio of investments. Interest on the amounts drawn under the facility accrues at 3.0% over Coutts & Co.'s base rate, which fluctuates from time to time. At 30th June 2016, the Company had borrowings outstanding under the facility of £1,000,000 (2015 - £ Nil) and loans receivable of £692,000 (2015: £660,000). Every 1% change in interest rates would change the net interest expense on borrowings at the reporting date by £10,000 per annum.

Liquidity Risk

The directors do not think that there is a material exposure to liquidity risk based on the cash and credit facilities available in relation to the magnitude of creditors.

The Company's policy is that its borrowings should be flexible and available over the medium term. The bank facility is a £1.9 million revolving credit facility terminating on 31st August 2020. The Company holds financial instruments, most of which are listed on recognised stock exchanges. In normal market conditions these are, by their nature, liquid. However there are periods when the market may not be prepared to deal in realistic prices in unusually large blocks of certain financial instruments and this particularly applies to our Core Holdings. The policy is to hold financial instruments outside of its Core Holdings with an aggregate market value of at least 167% of borrowings at any point in time.

Notes to the Accounts (continued)

For the year ended 30th June 2016

Credit Risk

No concentration of credit risk exists in the Company's principal financial assets, other than surplus funds which are deposited with the Company's bank. Credit risk is minimised as the counter-parties are institutions with high credit ratings. Loans to Core Holdings and their directors are reviewed for creditworthiness alongside the performance of Core Holdings at each Board meeting.

Reviews and indications of impairment are carried out at least annually.

Currency Exposure

There were currency exposures on the European and United States financial instruments held as part of treasury operations. The value of these at 30th June 2016 was £3,345,000 (2015 - £1,578,000). The sensitivity to each 1% decrease/increase in the relative exchange rates applicable to these financial instruments would result in a decrease/increase in value of £33,000 and a corresponding reduction in reserves.

17. International Financial Reporting Standards

At the date of authorisation of these financial statements the IASB and the International Financial Reporting Interpretations Committee (IFRIC) have issued interpretations and amended or revised standards, to be applied to financial statement with periods commencing either on or after 1st January 2015.

None of the new standards, interpretations and amendments, effective for the first time from 1st January 2015, have had a material effect on the financial statements. None of the other new standards, interpretations and amendments (including amendments to IFRS 10, IFRS 12 and IAS 27), which are effective for periods beginning after 1st January 2016 and which have not been adopted early, are expected to have a material effect on the Company's future financial statements. In addition IFRS 9 which is effective for periods beginning after 1st January 2018 and has not been adopted early is not expected to have a material effect on the Company's Financial Statements.

There are no additional IFRS or amendments to existing IFRS which become effective for the first time for the year ending 30th June 2016.

18. Related Undertakings

In accordance with section 409 of the Companies Act 2006, a full list of related undertakings, the country of incorporation and the percentage of equity owned, directly or indirectly, as at 30th June 2016, is disclosed below:

Company	Country	% ownership
City Group PLC	United Kingdom	48.6%
Industrial & Commercial Holdings PLC	United Kingdom	29.9%
Tudor Rose International Limited	United Kingdom	49.5%

19. Subsequent Events

In June 2016, the Company subscribed £80,750 for its full entitlement in a rights issue by Industrial & Commercial holdings PLC ("ICH"), in which the Company is a major shareholder. As a result, 8,074,762 new ordinary shares were issued to the Company and it now holds 15,252,744 ordinary shares in ICH which represent 29.9% of ICH's enlarged issued share capital.

On 23rd September 2016, Western sold 200,000 Swallowfield shares for £520,000 before expenses.

Independent Auditor's Report

TO THE SHAREHOLDERS OF WESTERN SELECTION P.L.C. (the "Company")

We have audited the financial statements of Western Selection P.L.C for the year ended 30th June 2016 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flow and the related notes. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30th June 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

James Fearon (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick
United Kingdom
2nd November 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Notice of Meeting

NOTICE is hereby given that the ANNUAL GENERAL MEETING of Western Selection P.L.C. will be held at the offices of City Group P.L.C., 6 Middle Street, London, EC1A 7JA on 30th November 2016 at 10.00 am for the following purposes:

To consider and, if thought fit, pass the following resolutions, of which Resolutions 1 to 6 will be proposed as ordinary resolutions and Resolutions 7 and 8 will be proposed as special resolutions.

1. To receive the financial statements for the year ended 30th June 2016 together with the reports of the directors and auditors thereon.
2. To declare a final dividend for the year ended 30th June 2016 of 1.05 pence for each ordinary share in the capital of the Company.
3. To re-elect Mr A. J. Hall as a director, who retires by rotation and offers himself for re-election.
4. To elect Mr L.H. Marshall as a Director, who has been appointed as a Director since the last Annual General Meeting.
5. To re-appoint BDO LLP as Auditors of the Company and to authorise the directors to agree their remuneration.
6. THAT the directors be generally and unconditionally authorised, pursuant to and in accordance with section 551 of the Companies Act 2006, to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into shares in the Company ('Rights') up to a maximum nominal amount of £4,820,000, provided that this authority shall expire at the conclusion of the annual general meeting of the Company to be held in 2017, save that the Company shall be entitled to make offers or agreements before the expiry of this authority which would or might require shares to be allotted or Rights to be granted after such expiry and the directors shall be entitled to allot shares and grant Rights pursuant to any such offers or agreements as if this authority had not expired; and all unexercised authorities previously granted to the directors to allot shares and grant Rights be and are hereby revoked.
7. THAT,
 - (a) subject to the passing of Resolution 6 set out above, the directors be empowered, pursuant to section 570 and section 573 of the Companies Act 2006, to allot equity securities, within the meaning of section 560 of that Act, for cash pursuant to the authority conferred by Resolution 6, as if section 561(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:
 - (i) to the allotment of shares in the Company in connection with or pursuant to an offer by way of rights, bonus issues or other similar issues to the holders of Shares of 40p each in the capital of the Company and other persons entitled to participate therein in proportion (as nearly as may be) to such holders' holdings of such shares (or, as appropriate, to the numbers of such shares which such other persons are for those purposes deemed to hold) subject only to such exclusions or other arrangements as the directors may feel necessary or expedient to deal with (i) fractional entitlements or legal or practical problems under the laws or the requirements of any recognised regulatory body in any territory (ii) underwriting of such an issue and (iii) applications by shareholders for equity instruments offered to other shareholders as part of such an issue, but not taken up by other shareholders; and
 - (ii) the allotment to any person or persons (otherwise than in connection with a rights issue) of equity securities up to an aggregate nominal amount of £717,995 (being approximately 10% of the issued ordinary share capital of the Company);
 - (b) the power given by this resolution shall expire upon the expiry of the authority conferred by Resolution 6 set out above, save that the directors shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the directors shall be entitled to allot equity securities pursuant to any such offers or agreements as if the power conferred hereby had not expired; and
 - (c) words and expressions defined in or for the purposes of Part 17 of the Companies Act 2006 shall bear the same meaning herein.

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8. That subject to the Company's Articles of Association and section 701 of the Companies Act 2006, the Company be and is hereby generally and unconditionally authorised to make one or more market purchases of its own ordinary shares on such terms, provided that:
- (a) the maximum aggregate number of ordinary shares hereby authorised to be acquired is 1,790,000 (being approximately 10% of the issued ordinary share capital of the Company);
 - (b) the maximum price which may be paid for each ordinary share is no more than 5% above the average of the price of the ordinary shares of the Company (derived from the ISDX website) for the five business days prior to the date of purchase and the minimum price per ordinary share is 40p in each case exclusive of any expenses payable by the Company; and
 - (c) the authority hereby given shall expire at the conclusion of the next Annual General Meeting of the Company save that the Company may make a purchase of ordinary shares after expiry of such authority in execution of a contract of purchase that was made under and before the expiry of such authority.

By Order of the Board,

6 Middle Street
London EC1A 7JA

CITY GROUP P.L.C.
Company Secretary

2nd November 2016

Notes

1. A form of proxy is enclosed.
2. A proxy need not be a member of the Company.
3. To be valid the form of proxy should be completed and returned so as to reach the Company Secretary, City Group P.L.C. at 6 Middle Street, London, EC1A 7JA, U.K. not later than 10.00 am on 28th November 2016. Completion of a form of proxy does not preclude a member from subsequently attending and voting in person.
4. A member may appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. The right to appoint a proxy does not apply to any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person").
5. Any member or his/her proxy attending the Meeting has the right to ask any question at the Meeting relating to the business of the Meeting.
6. Only shareholders registered in the register of members of the Company as at 6.00 pm. on 28th November 2016 shall be entitled to attend and vote at the Meeting in respect of the number of shares registered in their name at such time. If the Meeting is adjourned, the time by which a person must be entered in the register of members of the Company in order to have the right to attend and vote at the adjourned Meeting is 48 hours before the time of any adjourned Meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
7. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
8. Copies of directors' letters of appointment are available for inspection at the registered office of the Company, 6 Middle Street, London, EC1A 7JA during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) from the date of this Notice until the conclusion of the Meeting and will be available for inspection at the place of the Meeting for at least 15 minutes prior to and during the Meeting.
9. As at 1st November 2016 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 17,949,872 ordinary shares, carrying one vote each. The total voting rights in the Company as at 1st November 2016 are 17,949,872.
10. The information required to be published by section 311(A) of the Companies Act 2006 (information about the contents of this Notice and numbers of shares in the Company and voting rights exercisable at the Meeting and details of any members' statements, members' resolutions and members' items of business received after the date of this Notice) may be found at www.westernselection.co.uk.
11. A Nominated Person may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy entitled to attend and speak and vote at the Meeting. A Nominated Person is advised to contact the shareholder who nominated him/her for further information on this and the procedure for appointing any such proxy.
12. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. Such Nominated Person is advised to contact the shareholders who nominated him/her for further information on this.

Change of address: Members are requested to advise the Registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA of any change of address.

Western Selection P.L.C. _____

FORM OF PROXY

I/we.....

of.....

being (a) member(s) of the above-named company (the "Company") hereby appoint the chairman of the meeting, failing whom

.....
as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 30th November 2016 and at any adjournment thereof.

I/We hereby authorise and instruct my/our proxy to vote as indicated below on the resolutions to be proposed at such meeting. Unless otherwise directed the proxy will vote or abstain from voting as he thinks fit.

RESOLUTIONS (Resolutions 1-6 will be Ordinary Resolutions and Resolutions 7 and 8 will be Special Resolutions)		For	Against	Witheld
1.	To receive the financial statements for the year ended 30 th June 2016, together with the reports of the Directors and Auditors.			
2.	To declare a final dividend.			
3.	To re-elect Mr A.J. Hall as a Director.			
4.	To elect Mr L.H. Marshall as a Director.			
5.	To re-appoint the BDO LLP as Auditors of the Company and to authorise the Directors to agree their remuneration.			
6.	To authorise the Directors to allot shares under section 551 of the Companies Act 2006.			
7.	To disapply statutory pre-emption rights (Special Resolution).			
8.	To authorised the Directors to repurchase shares (Special Resolution).			

Dated _____ 2016 Signature _____

Notes:

1. A proxy need not be a member of the Company. You may appoint as your proxy persons of your own choice by inserting their names in the space provided. If no name is inserted in the space provided, the Chairman will be deemed appointed as the proxy. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the space provided next to the proxy's name the number of shares in relation to which he or she is authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).
2. To appoint more than one proxy, you may photocopy this form. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
3. Please indicate with a cross in the appropriate box how you wish your votes to be cast. If you do not make a specific direction, the proxy will vote (or abstain from voting) at his or her discretion. On any other business which properly comes before the Meeting (including any motion to amend any resolution or to adjourn the Meeting) the proxy will vote or abstain at his or her discretion.
4. To be valid, this form of proxy, and the power of attorney or other authority (if any) must be received at the offices of the Company Secretary, City Group P.L.C., 6, Middle Street, London, EC1A 7JA, U.K., not later than 10.00 am on 28th November 2016.
5. Completion and return of this form of proxy will not prevent a member from attending and voting at the Meeting.
6. In the case of a corporate shareholder, this form of proxy should either be executed by the company under seal or under the hand of two authorised signatories or a director in the presence of a witness (whose name, address and occupation should be stated).
7. In the case of joint holders, the vote of the first-named in the register of members of the Company will be accepted to the exclusion of that of other joint holders.

