

DIRECTORS' REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED

31 OCTOBER 2021

WELBECK C P

MENZIES

WELBECK C P

COMPANY INFORMATION

Directors	E M I Flach K T Flach
Company secretary	P N Blain
Registered number	00235784
Registered office	Suite A 1st Floor Block B 5th Avenue Plaza Team Valley Gateshead NE11 0BL
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditor Lynton House 7-12 Tavistock Square London WC1H 9LT

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2021

The directors present their report and the financial statements for the year ended 31 October 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

Directors

The directors who served during the year were:

E M I Flach
K T Flach

Qualifying third party indemnity provisions

Following shareholder approval, the Company has put in place an indemnity for its directors and officers, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. This was in force during the financial year and also at the date of signing the financial statements.

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Menzies LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2021

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

E M I Flach

Director

Date: 28 July 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WELBECK C P

Opinion

We have audited the financial statements of Welbeck C P (the 'Company') for the year ended 31 October 2021, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WELBECK C P (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WELBECK C P (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant including:

The Companies Act 2006

Financial Reporting Standard 102

UK tax legislation

We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

We understood how the Company is complying with those legal and regulatory frameworks by, making inquiries to management and those responsible for legal and compliance procedures. We corroborated our inquiries through our review of relevant documentation.

The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. No issues were identified in this area.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

- Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

As a result of the above procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- The posting of unusual journals and complex transactions; or
- The use of management override of controls to manipulate results.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WELBECK C P (CONTINUED)

Use of our report

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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Ralph Mitchison FCA (Senior statutory auditor)

for and on behalf of

Menzies LLP

Chartered Accountants
Statutory Auditor

Lynton House
7-12 Tavistock Square
London
WC1H 9LT

28 July 2022

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2021

	2021 £	2020 £
Turnover	1,790,142	2,018,889
Cost of sales	(62,589)	-
Gross profit	1,727,553	2,018,889
Administrative expenses	(640,892)	(542,590)
Other operating income	-	280,376
Fair value movements	(2,522,500)	550,419
Operating (loss)/profit	(1,435,839)	2,307,094
Loss on sale of investment properties	(127,856)	(376,498)
Interest receivable and similar income	-	83
Interest payable and similar expenses	(497,765)	(687,584)
(Loss)/profit before tax	(2,061,460)	1,243,095
Tax on (loss)/profit	511,396	33,987
(Loss)/profit for the financial year	(1,550,064)	1,277,082

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 10 to 16 form part of these financial statements.

BALANCE SHEET
AS AT 31 OCTOBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	4	2,222	-
Investments	5	3	-
Investment property	6	16,932,000	22,284,833
		16,934,225	22,284,833
Current assets			
Debtors: amounts falling due within one year	7	3,996,678	297,902
Cash at bank and in hand		374,275	2,821,023
		4,370,953	3,118,925
Creditors: amounts falling due within one year	8	(6,528,677)	(6,913,032)
Net current liabilities		(2,157,724)	(3,794,107)
Total assets less current liabilities		14,776,501	18,490,726
Creditors: amounts falling due after more than one year	9	(8,517,852)	(10,599,378)
Provisions for liabilities			
Deferred tax	11	-	(82,635)
		-	(82,635)
Net assets		6,258,649	7,808,713
Capital and reserves			
Called up share capital	12	5,000,000	5,000,000
Profit and loss account		1,258,649	2,808,713
		6,258,649	7,808,713

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

E M I Flach
Director

Date: 28 July 2022

The notes on pages 10 to 16 form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2021

	Called up share capital £	Profit and loss account £	Total equity £
At 1 November 2019	5,000,000	1,531,631	6,531,631
Profit for the year	-	1,277,082	1,277,082
At 1 November 2020	5,000,000	2,808,713	7,808,713
Loss for the year	-	(1,550,064)	(1,550,064)
At 31 October 2021	5,000,000	1,258,649	6,258,649

The notes on pages 10 to 16 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

1. General information

Welbeck C P ('the Company') is a property ownership and management company. The company is a private unlimited company and is incorporated in England & Wales.

The address of the registered office is referenced on the company information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

The Company, and the Group headed by it, qualify as small as set out in section 383 of the Companies Act 2006 and the parent and Group are considered eligible for the exemption to prepare consolidated accounts.

2.3 Going concern

Having regard to cash flow projections and financing facilities available, the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis. In addition, the directors have received confirmation that amounts owed to related parties will not be required to be repaid within a period of at least 12 months from the signing of these financial statements unless the company has the financial resources to do so.

2.4 Revenue

Revenue comprises rental income receivable during the year, net of value added tax and trade discounts. Rental income from the properties is recorded in the profit and loss account as it falls due. Rent increases arising from rent reviews during the year are taken into account as they fall due, in line with those agreed with the tenants. All turnover arose within the United Kingdom.

2.5 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

2. Accounting policies (continued)

2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Computer equipment	-
	over 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.9 Investment property

Investment property is carried at fair value determined annually by a combination Director valuations and external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

2. Accounting policies (continued)

2.11 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.12 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

3. Employees

The average monthly number of employees, including directors, during the year was 1 (2020 - 0).

4. Tangible fixed assets

	Computer equipment £
Cost	
Additions	2,373
At 31 October 2021	2,373
Depreciation	
Charge for the year on owned assets	151
At 31 October 2021	151
Net book value	
At 31 October 2021	2,222
At 31 October 2020	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

5. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
Additions	3
At 31 October 2021	<u>3</u>
Net book value	
At 31 October 2021	<u>3</u>
<i>At 31 October 2020</i>	<u>-</u>

6. Investment property

	Freehold investment property £
Valuation	
At 1 November 2020	22,284,833
Disposals	(2,830,333)
Deficit on revaluation	(2,522,500)
At 31 October 2021	<u>16,932,000</u>

The 2021 valuations were made by the Directors, on an open market value for existing use basis.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

7. Debtors

	2021 £	2020 £
Trade debtors	35,209	131,721
Amounts owed by group undertakings	3,504,178	-
Other debtors	13,607	988
Prepayments and accrued income	37,179	165,193
Deferred taxation	406,505	-
	<u>3,996,678</u>	<u>297,902</u>

8. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank loans	454,037	604,615
Amounts owed to related parties	-	5,700,000
Trade creditors	41,988	238
Amounts owed to group undertakings	5,700,000	-
Corporation tax	-	83,793
Other taxation and social security	32,452	184,730
Other creditors	32,178	2,881
Accruals and deferred income	268,022	336,775
	<u>6,528,677</u>	<u>6,913,032</u>

9. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Bank loans	8,517,852	10,599,378
	<u>8,517,852</u>	<u>10,599,378</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

10. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Bank loans	454,037	604,615
Amounts owed to related parties	-	5,700,000
	<u>454,037</u>	<u>6,304,615</u>
Amounts falling after more than one year		
Bank loans	8,517,852	10,599,378
	<u>8,517,852</u>	<u>10,599,378</u>
	<u>8,971,889</u>	<u>16,903,993</u>

The bank loans are secured via a fixed charge over the freehold investment properties of the Company.

11. Deferred taxation

	2021 £	2020 £
At beginning of year	(82,635)	(200,415)
Utilised in year	489,140	117,780
At end of year	<u>406,505</u>	<u>(82,635)</u>

The deferred taxation balance is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	-	(82,635)
Tax losses carried forward	406,505	-
	<u>406,505</u>	<u>(82,635)</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

12. Share capital

	2021 £	2020 £
Authorised		
6,000,000 (2020 - 6,000,000) Ordinary shares of £1.00 each	<u>6,000,000</u>	<u>6,000,000</u>
Allotted, called up and fully paid		
5,000,000 (2020 - 5,000,000) Ordinary shares of £1.00 each	<u>5,000,000</u>	<u>5,000,000</u>

13. Guarantees

The Company has provided a guarantee of £3,325,000, plus interest and costs, in respect of borrowings by one of its subsidiaries.

14. Related party transactions

Amounts owed to related parties disclosed in note 8 of £nil (2020: £5,700,000) was owed to P Noble.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.