

Company Registration No. 03406623 (England and Wales)

**WELLINGTON PUB COMPANY PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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# WELLINGTON PUB COMPANY PLC

## COMPANY INFORMATION

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<b>Directors</b>	P O'Driscoll S Nahum M R Turner
<b>Secretary</b>	A Benjamin
<b>Company number</b>	03406623
<b>Registered office</b>	73 Cornhill London EC3V 3QQ
<b>Auditors</b>	Gerald Edelman 73 Cornhill London EC3V 3QQ

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# WELLINGTON PUB COMPANY PLC

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# WELLINGTON PUB COMPANY PLC

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 MARCH 2017**

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The directors present the strategic report for the year ended 31 March 2017.

### **Fair review of the business**

The company continues to maintain its market position despite continuing challenges in the industry following the global economic slowdown and regulatory changes. The company continues to drive rental uplifts at rent review anniversaries and lease renewals, as well as seeking out a tenant mix that ensures a sustainable income stream.

The relevant accounting standards require the group to include all investment properties under its portfolio at open market value. The directors have undertaken an assessment of the relevant assets and believe that the investment property values included in the financial statements reflect their open market values.

Where a pub becomes vacant, an assessment is made of the site with a view to obtaining the optimum shareholder return either through the generation of rental income or capital appreciation. The company undertakes a comprehensive review including an assessment of alternative use or disposal, if deemed appropriate. There are a small number of sites in the portfolio that were considered within this framework in the year, some of which have received planning permission and others that were disposed of where an appropriate offer was received. During the year, in accordance with this strategy, pubs were disposed of generating a net profit of approximately £1,666k (2016: £1,951k). During the year, the company also considered the acquisition of a number of public house portfolios that fit with its strategic objectives and add value to the existing portfolio. At the year end none had been acquired.

### **Development and performance**

The company lets premises to customers on normal credit terms. Trade debtor balances are monitored on an ongoing basis and credit terms for all customers are regularly reviewed. In recent years, the company has experienced difficulties in collecting payment from its debtors and as a consequence a provision for doubtful debts has been made in the accounts.

### **Key performance indicators**

The company operates in a competitive market and there is a continuing risk that the company could lose its tenants due to another economic downturn, however, the company is not reliant on any single customer. In order to manage its credit risk, the covenant strength of potential tenants is assessed on a case by case basis and, as a standard policy, security is obtained in the form of a rental deposit or a guarantee. Existing tenants are reviewed on a regular basis to monitor payment and trading patterns.

### **Other performance indicators**

Surplus funds are held in short-term, interest bearing deposit accounts with major banks. The company has not entered into any derivative transactions, such as interest rate swaps, in relation to any funds on deposit or borrowings.

The company has long-term financing in place in the form of its bonds (see note 14) and as such, the financing risks faced by the company are minimal.

On behalf of the board



P O'Driscoll

**Director**

28 September 2017

# WELLINGTON PUB COMPANY PLC

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 MARCH 2017**

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The directors present their annual report and financial statements for the year ended 31 March 2017.

### Principal activities

The principal activity of the company continued to be that of managing leased properties.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

P O'Driscoll  
S Nahum  
M R Turner

### Results and dividends

The results for the year are set out on page 6.

An interim ordinary dividend was paid amounting to £10.326 million (2016: £5.683 million). The directors do not recommend payment of a final dividend.

### Auditors

The auditors, Gerald Edelman, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

### Going concern

Having reviewed the company's financial forecasts and expected future cash flows, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2017.

On behalf of the board



P O'Driscoll

**Director**

28 September 2017

# **WELLINGTON PUB COMPANY PLC**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 MARCH 2017***

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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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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.

# **WELLINGTON PUB COMPANY PLC**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF WELLINGTON PUB COMPANY PLC**

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We have audited the financial statements of Wellington Pub Company PLC for the year ended 31 March 2017 set out on pages 6 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 31 March 2017 and of its profit 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.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

## WELLINGTON PUB COMPANY PLC

### INDEPENDENT AUDITOR'S REPORT (CONTINUED)

#### TO THE MEMBERS OF WELLINGTON PUB COMPANY PLC

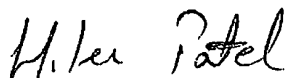
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**Matters on which we are required to report by exception**

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 Strategic Report and the Directors' Report.

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.



Hiten Patel FCCA (Senior Statutory Auditor)  
for and on behalf of Gerald Edelman

28 September 2017

Chartered Accountants  
Statutory Auditor

73 Cornhill  
London  
EC3V 3QQ



# WELLINGTON PUB COMPANY PLC

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £'000	2016 £'000
Turnover	3	29,000	28,361
Administrative expenses		(6,062)	(5,439)
Other operating income		86	71
<b>Operating profit</b>	<b>5</b>	<b>23,024</b>	<b>22,993</b>
Interest receivable and similar income	4	121	122
Interest payable and similar expenses	6	(9,006)	(9,668)
Profit on sale of investment property	7	1,666	1,951
<b>Profit before taxation</b>		<b>15,805</b>	<b>15,398</b>
Taxation	9	2,076	3,259
<b>Profit for the financial year</b>		<b>17,881</b>	<b>18,657</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>17,881</b>	<b>18,657</b>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

# WELLINGTON PUB COMPANY PLC

## BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017 £'000	2016 £'000
<b>Fixed assets</b>			
Investment properties	10	451,876	459,380
<b>Current assets</b>			
Debtors	12	8,790	7,708
Cash at bank and in hand		28,004	32,596
		<u>36,794</u>	<u>40,304</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(21,700)</u>	<u>(20,726)</u>
<b>Net current assets</b>		15,094	19,578
<b>Total assets less current liabilities</b>		466,970	478,958
<b>Creditors: amounts falling due after more than one year</b>	15	(109,655)	(127,122)
<b>Provisions for liabilities</b>	17	<u>(20,751)</u>	<u>(22,827)</u>
<b>Net assets</b>		<u>336,564</u>	<u>329,009</u>
<b>Capital and reserves</b>			
Called up share capital	18	13	13
Profit and loss reserves		336,551	328,996
<b>Total equity</b>		<u>336,564</u>	<u>329,009</u>

The financial statements were approved by the board of directors and authorised for issue on 28 September 2017 and are signed on its behalf by:



P O'Driscoll  
Director

Company Registration No. 03406623

# WELLINGTON PUB COMPANY PLC

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Share capital £'000	Profit and loss reserves £'000	Total £'000
<b>Balance at 1 April 2015</b>		13	316,022	316,035
<b>Year ended 31 March 2016:</b>				
Profit and total comprehensive income for the year		-	18,657	18,657
Dividends	8	-	(5,683)	(5,683)
<b>Balance at 31 March 2016</b>		13	328,996	329,009
<b>Year ended 31 March 2017:</b>				
Profit and total comprehensive income for the year		-	17,881	17,881
Dividends	8	-	(10,326)	(10,326)
<b>Balance at 31 March 2017</b>		13	336,551	336,564

# WELLINGTON PUB COMPANY PLC

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £'000	2016 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	22	22,531	23,188
Interest paid		(9,006)	(9,668)
<b>Net cash inflow from operating activities</b>		13,525	13,520
<b>Investing activities</b>			
Purchase of investment property		(303)	(421)
Proceeds on disposal of investment property		9,473	9,484
Interest received		121	122
<b>Net cash generated from investing activities</b>		9,291	9,185
<b>Financing activities</b>			
Repayment of debentures		(17,214)	(7,252)
Repayment of borrowings		132	136
Dividends paid		(10,326)	(5,683)
<b>Net cash used in financing activities</b>		(27,408)	(12,799)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(4,592)	9,906
Cash and cash equivalents at beginning of year		32,596	22,690
<b>Cash and cash equivalents at end of year</b>		28,004	32,596

# WELLINGTON PUB COMPANY PLC

## NOTES TO THE FINANCIAL STATEMENTS

*FOR THE YEAR ENDED 31 MARCH 2017*

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### 1 Accounting policies

#### Company information

Wellington Pub Company PLC is a public company limited by shares incorporated in England and Wales. The registered office is 73 Cornhill, London, EC3V 3QQ.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investment properties. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover, which is stated net of value added tax, represents rent charged to third parties. Turnover relates to one continuing activity, leasing of public houses to independent publicans. The turnover is recognised in the period to which it relates. All of the company's business is performed in the United Kingdom

#### 1.4 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as at the reporting end date. The surplus or deficit on revaluation is recognised in the statement of comprehensive income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.5 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# WELLINGTON PUB COMPANY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

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### 1 Accounting policies

(Continued)

#### 1.6 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# WELLINGTON PUB COMPANY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

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### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **Deferred tax**

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

# WELLINGTON PUB COMPANY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

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#### 1 Accounting policies (Continued)

##### 1.9 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

##### 1.10 Repairs and maintenance

Expenditure on repairs and maintenance is charged to profit and loss on the basis of actual costs incurred.

##### 1.11 Capital instruments

Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments, other than equity shares, is allocated to periods over the term of the instruments at a constant rate on the carrying amount.

#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

##### **Critical judgements**

The following judgements have had the most significant effect on amounts recognised in the financial statements.

##### **Investment properties**

The company's investment properties which are properties held to earn rentals and/or capital appreciation are measured using the fair value model and stated at their fair value as at the reporting date. The directors have used their experience of the property market and with reference to formal advice from suitably qualified Chartered Surveyors and market evidence of transaction prices of similar properties, have assessed an appropriate value at the year end.

##### **Bad debt provision**

The directors have considered the bad debt provision by considering the financial situation of each tenant in each property. The directors make decisions on a case by case basis in assessing individual debtor recoverability.

##### **Key management personnel**

The directors consider, in relation to the requirements to disclose the remuneration of key management personnel, that key management comprise the Board of Directors. No remuneration was paid to any directors during the period.



# WELLINGTON PUB COMPANY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 3 Turnover and other revenue

The Company generates its turnover from its principal activity, the managing of leased properties, within the United Kingdom.

	2017 £'000	2016 £'000
<b>Turnover analysed by class of business</b>		
Rental income	29,000	28,361
	<u>          </u>	<u>          </u>
	2017 £'000	2016 £'000
<b>Other significant revenue</b>		
Interest income	121	122
	<u>          </u>	<u>          </u>
	2017 £'000	2016 £'000
<b>Turnover analysed by geographical market</b>		
United Kingdom	29,000	28,361
	<u>          </u>	<u>          </u>

### 4 Interest receivable and similar income

	2017 £'000	2016 £'000
<b>Interest income</b>		
Interest on bank deposits	24	33
Other interest income	97	89
	<u>          </u>	<u>          </u>
Total income	121	122
	<u>          </u>	<u>          </u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	121	122
	<u>          </u>	<u>          </u>

### 5 Operating profit

	2017 £'000	2016 £'000
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	45	45
Fees payable to the company's auditor for non-audit services provided to the company	9	9
Operating lease charges	88	85
	<u>          </u>	<u>          </u>

# WELLINGTON PUB COMPANY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 6 Interest payable and similar expenses

	2017 £'000	2016 £'000
<b>Interest on financial liabilities measured at amortised cost:</b>		
Other interest on financial liabilities	9,006	9,668

### 7 Profit on sale of investment property

	2017 £'000	2016 £'000
Profit on sale of investment property	1,666	1,951

### 8 Dividends

	2017 £'000	2016 £'000
Interim paid	10,326	5,683

### 9 Taxation

	2017 £'000	2016 £'000
<b>Deferred tax</b>		
Origination and reversal of timing differences	(850)	(657)
Changes in tax rates	(1,226)	(2,602)
Total deferred tax	(2,076)	(3,259)

The actual credit for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £'000	2016 £'000
Profit before taxation	15,805	15,398
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	3,161	3,080
Tax effect of expenses that are not deductible in determining taxable profit	2	34
(Profit)/loss on disposal of investment properties	(333)	(391)
Effect of change in corporation tax rate	(1,226)	(2,602)
Group relief	(3,362)	(3,495)
Effect of revaluations and indexation of investments	(901)	(719)
Chargeable gains	583	834
Tax expense for the year	(2,076)	(3,259)

# WELLINGTON PUB COMPANY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 10 Investment property

	2017 £'000
<b>Fair value</b>	
At 1 April 2016	459,380
Improvements	303
Disposals	(7,807)
At 31 March 2017	<u>451,876</u>

The directors have reviewed the investment properties held and consider their value at 31 March 2017 to reflect the fair value. This decision is based on their experience of the property market and with reference to formal advice from suitably qualified Chartered Surveyors, and market evidence of transaction prices of similar properties.

### 11 Financial instruments

	2017 £'000	2016 £'000
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	6,564	7,051
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	131,355	139,126

### 12 Debtors

	2017 £'000	2016 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	3,875	4,428
Amount due from related parties	481	481
Amounts due from fellow group undertakings	480	480
Other debtors	3,278	1,662
Prepayments and accrued income	676	657
	<u>8,790</u>	<u>7,708</u>

Trade debtors disclosed above are measured at amortised cost.

Included within Trade debtors above are provision for bad debts amounting to £3,919,686 (2016: £3,485,034).

# WELLINGTON PUB COMPANY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 13 Creditors: amounts falling due within one year

	Notes	2017 £'000	2016 £'000
Debenture loans	14	7,996	7,611
Trade creditors		1,893	1,685
Amounts due to group undertakings		2,872	387
Other taxation and social security		-	1,030
Other creditors		2,392	2,321
Accruals and deferred income		6,547	7,692
		<u>21,700</u>	<u>20,726</u>

### 14 Loans and overdrafts

	2017 £'000	2016 £'000
Class A secured fixed rate bonds at 6.735% repayable January 2029	96,362	109,496
Class B secured fixed rate bonds at 7.335% repayable January 2029	24,480	26,520
Less: Unamortised issue cost	(3,191)	(3,323)
	<u>117,651</u>	<u>134,733</u>
Payable within one year	7,996	7,611
Payable after one year	<u>109,655</u>	<u>127,122</u>

# WELLINGTON PUB COMPANY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

#### 14 Loans and overdrafts

(Continued)

As security for the payment of all monies due and payable in respect of the Bonds under the trust deed, Wellington Pub Company Plc (the issuer) has entered into a Deed of Charge creating inter alia the following security:

A first fixed charge by way of a mortgage of all estates and other interests of the issuer;  
 An assignment by way of fixed security of the issuer's right, title, interest and benefit in and to the rental income;  
 An assignment by way of fixed security of the issuer's right, title, interest and benefit in and to the Assigned Documents;  
 An assignment by way of first fixed security of the issuer's right, title, interest and benefit in and to all amounts from time to time standing to the credit of the Bank Accounts;  
 A first floating charge over all the property, assets and undertakings of the issuer.

On 2 March 1998 the company performed a bond issue for £231 million. The issue costs are being amortised over the life of the bonds at a constant rate on the carrying amount.

Interest and principal payments on the Class B bonds will be subordinated to such payments on the Class A bonds, so that Class B Bondholders will not be entitled to receive any payment of interest or principal, unless and until, all amounts of interest due or overdue and principal then due to Class A Bondholders have been paid in full.

On 1 July 2016, the company bought the Class 'A' bonds from Investors In Private Capital Limited, the ultimate UK holding company, at amortised cost of £9.98m.

During the year, the company repaid £13,134,000 (2016: £5,212,000) of the Class A secured fixed rate bonds and £2,040,000 (2016: £2,040,000) of the Class B secured fixed rate bonds.

#### 15 Creditors: amounts falling due after more than one year

	Notes	2017 £'000	2016 £'000
Debenture loans	14	112,846	130,445
Unamortised issue costs	14	(3,191)	(3,323)
		<u>109,655</u>	<u>127,122</u>

#### 16 Provisions for liabilities

	Notes	2017 £'000	2016 £'000
Deferred tax liabilities	17	<u>20,751</u>	<u>22,827</u>

# WELLINGTON PUB COMPANY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

#### 17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2017 £'000	Liabilities 2016 £'000
<b>Balances:</b>		
Accelerated capital allowances	7,054	7,423
Investment property	13,697	15,404
	<u>20,751</u>	<u>22,827</u>
<b>Movements in the year:</b>		<b>2017 £'000</b>
Liability at 1 April 2016		22,827
Credit to profit or loss		(2,076)
Liability at 31 March 2017		<u>20,751</u>

#### 18 Share capital

	2017 £'000	2016 £'000
<b>Ordinary share capital</b>		
<b>Issued and partially paid</b>		
100,000 ordinary shares of 50p each	<u>13</u>	<u>13</u>

#### 19 Related party transactions

The company has taken advantage of the exemption available in FRS 102 section 33.1A "Related Party Disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

During the year the company was charged management fees, of £nil (2016: £120,000), by Motcomb Estates Limited, a company under common control.

Included within the amount due from related undertakings is £481,000 (2016: £481,000) due from Aldersgate Investments Limited, a company under common control.

During the prior year the company sold a property to Brookset 14 Limited, a company under common control, for sales proceeds of £250,000, being the market value.

# WELLINGTON PUB COMPANY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 20 Operating lease commitments

#### Lessor

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2017 £'000	2016 £'000
Within one year	26,501	25,837
Between two and five years	94,153	92,928
In over five years	156,381	153,239
	<u>277,035</u>	<u>272,004</u>

### 21 Parent company and controlling party

The company's immediate parent undertaking is Wellington Investments Limited, a company incorporated in the UK. The ultimate UK holding company is Investors in Private Capital Limited. Group accounts are prepared by the ultimate UK holding company and copies can be obtained from Companies House.

The ultimate holding company is Omaha Business Holdings Corp, a company registered in the British Virgin Islands.

The directors consider there to be no ultimate controlling party.

### 22 Cash generated from operations

	2017 £'000	2016 £'000
Profit for the year after tax	17,881	18,657
<b>Adjustments for:</b>		
Taxation credited	(2,076)	(3,259)
Finance costs	9,006	9,668
Investment income	(121)	(122)
Profit on sale of investment property	(1,666)	(1,951)
<b>Movements in working capital:</b>		
(Increase) in debtors	(1,082)	(589)
Increase in creditors	589	784
<b>Cash generated from operations</b>	<u>22,531</u>	<u>23,188</u>