

Company Registration No. 03406623 (England and Wales)

WELLINGTON PUB COMPANY PLC
ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2015

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WELLINGTON PUB COMPANY PLC

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the cash flow statement	9
Notes to the financial statements	10 - 18

WELLINGTON PUB COMPANY PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2015

The directors present the strategic report and financial statements for the year ended 31 March 2015.

Review of the business

The company continues to maintain its market position and has achieved a small increase in turnover from last year despite the conditions of the industry following the global economic crisis.

The relevant accounting standards require the company to include all investment properties at their 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.

The company maintains its policy of when an appropriate offer is received on its existing properties, it may look to make disposals if the outlet is not meeting internal benchmarks. During the year, in accordance with the company's strategy, underperforming pubs were disposed of generating a net loss of approximately £337k (2014: £224k).

Principle risks and uncertainties

Credit Risk

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. The directors' policy for future tenants is set out in the Commercial Risk paragraph, below.

Commercial Risk

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.

Financial Risk

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 11) and as such, the financing risks faced by the company are minimal.

On behalf of the board



P O'Driscoll

Director

24 September 2015

WELLINGTON PUB COMPANY PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2015

The directors present their report and financial statements for the year ended 31 March 2015.

Results and dividends

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

An interim ordinary dividend was paid amounting to £5.339 million (2014: £4.165 million). The directors do not recommend payment of a final dividend.

Directors

The following directors have held office since 1 April 2014:

P O'Driscoll
S Nahum
M R Turner

Auditors

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

Statement of directors' responsibilities

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

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors 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 2015.

On behalf of the board



P O'Driscoll

Director

24 September 2015

WELLINGTON PUB COMPANY PLC

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WELLINGTON PUB COMPANY PLC

We have audited the financial statements of Wellington Pub Company PLC for the year ended 31 March 2015 set out on pages 6 to 18. 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).

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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 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 2015 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 matter 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.

WELLINGTON PUB COMPANY PLC

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF WELLINGTON PUB COMPANY PLC

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.



Stephen Coleman ACA (Senior Statutory Auditor)
for and on behalf of Gerald Edelman

24 September 2015

Chartered Accountants
Statutory Auditor

73 Cornhill
London
EC3V 3QQ

WELLINGTON PUB COMPANY PLC

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 £'000	2014 £'000
Turnover	2	26,860	26,834
Administrative expenses		(8,069)	(7,161)
Other operating income		185	168
Operating profit	3	18,976	19,841
Other interest receivable and similar income	4	215	206
Interest payable and similar charges	5	(10,159)	(10,628)
Profit on ordinary activities before taxation		9,032	9,419
Tax on profit on ordinary activities	6	3,687	1,369
Profit for the year	14	12,719	10,788

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

Note of historical cost profits and losses

	2015 £'000	2014 £'000
Reported profit on ordinary activities before taxation	9,032	9,419
Realisation of property revaluation gains of previous years	3,540	2,336
Historical cost profit on ordinary activities before taxation	12,572	11,755
Historical cost profit for the year retained after taxation, extraordinary items and dividends	10,920	8,959

WELLINGTON PUB COMPANY PLC

BALANCE SHEET

AS AT 31 MARCH 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	8	466,153	456,120
Current assets			
Debtors	9	7,119	7,001
Cash at bank and in hand		22,690	34,775
		29,809	41,776
Creditors: amounts falling due within one year	10	(19,583)	(19,625)
Net current assets		10,226	22,151
Total assets less current liabilities		476,379	478,271
Creditors: amounts falling due after more than one year	11	(134,597)	(141,716)
Provisions for liabilities	12	(8,186)	(10,339)
		333,596	326,216
Capital and reserves			
Called up share capital	13	13	13
Revaluation reserve	14	222,472	226,012
Profit and loss account	14	111,111	100,191
Shareholders' funds	15	333,596	326,216

Approved by the Board and authorised for issue on 24 September 2015



P O'Driscoll
Director

Company Registration No. 03406623

WELLINGTON PUB COMPANY PLC

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2015

	£'000	2015 £'000	£'000	2014 £'000
Net cash inflow from operating activities		19,890		18,268
Returns on investments and servicing of finance				
Interest received	215		206	
Interest paid	(10,159)		(10,628)	
Net cash outflow for returns on investments and servicing of finance		(9,944)		(10,422)
Taxation		1,008		(406)
Capital expenditure				
Payments to acquire tangible assets	(17,207)		(277)	
Receipts from sales of tangible assets	6,825		5,365	
Net cash (outflow)/inflow for capital expenditure		(10,382)		5,088
Equity dividends paid		(5,339)		(4,165)
Net cash (outflow)/inflow before management of liquid resources and financing		(4,767)		8,363
Financing				
Net cash movement on bonds	(6,915)		(6,601)	
Net cash outflow from financing		(6,915)		(6,601)
Decrease in cash in the year		(11,682)		1,762

WELLINGTON PUB COMPANY PLC

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2015

1	Reconciliation of operating profit to net cash inflow from operating activities		2015	2014	
			£'000	£'000	
	Operating profit		18,976	19,841	
	Depreciation of tangible assets		12	24	
	Amortisation of bond issue costs		133	131	
	Loss on disposal of tangible assets		337	224	
	(Increase)/decrease in debtors		(118)	594	
	Increase/(decrease) in creditors within one year		550	(2,546)	
	Net cash inflow from operating activities		19,890	18,268	
2	Analysis of net debt	1 April 2014	Cash flow	Other non-cash changes	31 March 2015
		£'000	£'000	£'000	£'000
	Net cash:				
	Cash at bank and in hand	34,775	(12,085)	-	22,690
	Bank overdrafts	(403)	403	-	-
		34,372	(11,682)	-	22,690
	Bank deposits	-	-	-	-
	Debt:				
	Debts falling due within one year	(6,915)	6,915	7,252	(7,252)
	Debts falling due after one year	(141,716)	-	(7,119)	(134,597)
		(148,631)	6,782	(133)	(141,849)
	Net debt	(114,259)	(4,767)	(133)	(119,159)
3	Reconciliation of net cash flow to movement in net debt		2015	2014	
			£'000	£'000	
	(Decrease)/increase in cash in the year		(11,682)	1,762	
	Cash outflow from decrease in debt		6,915	6,469	
	Change in net debt resulting from cash flows		(4,767)	8,363	
	Amortisation of issue costs		(133)	(132)	
	Movement in net debt in the year		(4,900)	8,231	
	Opening net debt		(114,259)	(122,490)	
	Closing net debt		(119,159)	(114,259)	

WELLINGTON PUB COMPANY PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties. Turnover relates to one continuing activity, leasing of public houses to independent publicans. All of the company's business is performed in the United Kingdom.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, *Accounting for investment properties*, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

The part of the annual depreciation charge on revalued assets which relates to the revaluation surplus is transferred from the revaluation reserve to the profit and loss account.

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Deferred taxation

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.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to sell the revalued assets.

1.7 Repairs and maintenance

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

WELLINGTON PUB COMPANY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

1 Accounting policies

(Continued)

1.8 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 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit

	2015 £'000	2014 £'000
Operating profit is stated after charging:		
Depreciation of tangible assets	12	24
Loss on disposal of tangible assets	337	224
Operating lease rentals	107	119
Auditors' remuneration		
- Audit work	25	25
- Tax work	3	3
- Accounts work	3	3
	<u>25</u>	<u>3</u>

4 Investment income

	2015 £'000	2014 £'000
Bank interest	215	206
	<u>215</u>	<u>206</u>

5 Interest payable

	2015 £'000	2014 £'000
On loans repayable after five years	10,159	10,628
	<u>10,159</u>	<u>10,628</u>

WELLINGTON PUB COMPANY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

6	Taxation	2015 £'000	2014 £'000
	Domestic current year tax		
	U.K. corporation tax	-	526
	Adjustment for prior years	(1,534)	(1,965)
	Total current tax	(1,534)	(1,439)
	Deferred tax		
	Deferred tax charge/credit current year	(2,153)	70
		(3,687)	(1,369)
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	9,032	9,419
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2014 - 23.00%)	1,897	2,166
	Effects of:		
	Non deductible expenses	1	3
	Depreciation add back	3	6
	Capital allowances	(76)	(82)
	Group relief	(2,245)	(2,051)
	Loss/(profit) on sale of tangible assets	71	52
	Adjustments to previous periods	(1,534)	(1,965)
	Chargeable gains	350	432
	Other tax adjustments	(1)	-
		(3,431)	(3,605)
	Current tax charge for the year	(1,534)	(1,439)
7	Dividends	2015 £'000	2014 £'000
	Ordinary interim paid	5,339	4,165

WELLINGTON PUB COMPANY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

8 Tangible fixed assets

	Investment properties £'000
Cost or valuation	
At 1 April 2014	456,447
Additions	17,207
Disposals	(7,162)
At 31 March 2015	466,492
Depreciation	
At 1 April 2014	327
Charge for the year	12
At 31 March 2015	339
Net book value	
At 31 March 2015	466,153
At 31 March 2014	456,120

The most recent valuation of the company's investment properties was a desktop valuation carried out by the directors of the company. The directors consider the valuation at which the company's investment properties are included in the financial statements to reflect their open market value.

Deferred taxation has not been provided on the revaluation surplus as there is no intention to dispose of the properties. The amount of deferred tax that has not been provided on the revalued portfolio is estimated to be £17.9 million (2014: £21.4 million).

WELLINGTON PUB COMPANY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

8 Tangible fixed assets

(Continued)

The split of freehold/leasehold buidings is as follows:

	Freehold	Short Leashold	Long Leasehold	Total
Cost or valuation	£'000	£'000	£'000	£'000
At 1 April 2014	447,792	765	7,890	456,447
Additions	17,207	-	-	17,207
Revaluation	-	-	-	-
Disposals	(7,162)	-	-	(7,162)
At 31 March 2015	457,837	765	7,890	466,492
Depreciation				
At 1 April 2014	-	327	-	327
On disposals	-	-	-	-
Charge for the year	-	12	-	12
At 31 March 2015	-	339	-	339
Net book value				
At 31 March 2015	457,838	426	7,890	466,153
At 31 March 2014	447,792	438	7,890	456,120

9 Debtors

	2015 £'000	2014 £'000
Trade debtors	3,775	3,837
Amounts owed by parent and fellow subsidiary undertakings	961	961
Other debtors	2,003	1,703
Prepayments and accrued income	380	500
	7,119	7,001

WELLINGTON PUB COMPANY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

10	Creditors: amounts falling due within one year	2015 £'000	2014 £'000
	Bank loans and overdrafts	7,252	7,318
	Trade creditors	1,772	1,768
	Amounts owed to parent and fellow subsidiary undertakings	360	79
	Corporation tax	-	526
	Other taxes and social security costs	838	688
	Other creditors	1,995	1,950
	Accruals and deferred income	7,366	7,296
		<hr/> 19,583 <hr/>	<hr/> 19,625 <hr/>

WELLINGTON PUB COMPANY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

11 Creditors: amounts falling due after more than one year	2015 £'000	2014 £'000
Analysis of loans		
Not wholly repayable within five years other than by installments:		
Class A secured fixed rate bonds at 6.735% repayable January 2029	113,289	118,031
Class B secured fixed rate bonds at 7.335% repayable January 2029	28,560	30,600
	<u>141,849</u>	<u>148,631</u>
Included in current liabilities	(7,252)	(6,915)
	<u>134,597</u>	<u>141,716</u>
Loan maturity analysis		
In more than one year but not more than two years	7,611	7,252
In more than two years but not more than five years	25,251	24,014
In more than five years	105,194	114,042
	<u>138,056</u>	<u>145,308</u>
Less: Unamortised issue cost	(3,459)	(3,592)
	<u>134,597</u>	<u>141,716</u>

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.

During the year, the company repaid £4,875,000 (2014: £4,561,000) of the Class A secured fixed rate bonds and £2,040,000 (2014: £2,040,000) of the Class B secured fixed rate bonds.

WELLINGTON PUB COMPANY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

12 Provisions for liabilities

	Deferred tax liability £'000
Balance at 1 April 2014	10,339
Profit and loss account	(2,153)
Balance at 31 March 2015	<u>8,186</u>

The deferred tax liability is made up as follows:

	2015 £'000	2014 £'000
Accelerated capital allowances	<u>8,186</u>	<u>10,339</u>

13 Share capital

	2015 £'000	2014 £'000
Allotted, called up and fully paid		
26 Ordinary shares of 50p each	<u>13</u>	<u>13</u>

The allotted share capital equalled 100,000 shares at £0.50 each of which 400 shares were fully paid and 99,600 shares were partly paid at £0.125 each.

14 Statement of movements on reserves

	Revaluation reserve £'000	Profit and loss account £'000
Balance at 1 April 2014	226,012	100,191
Profit for the year	-	12,719
Transfer from revaluation reserve to profit and loss account	(3,540)	3,540
Dividends paid	-	(5,339)
Balance at 31 March 2015	<u>222,472</u>	<u>111,111</u>

WELLINGTON PUB COMPANY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

15	Reconciliation of movements in Shareholders' funds	2015	2014
		£'000	£'000
	Profit for the financial year	12,719	10,788
	Dividends	(5,339)	(4,165)
		<hr/>	<hr/>
	Net addition to shareholders' funds	7,380	6,623
	Opening Shareholders' funds	326,216	319,593
		<hr/>	<hr/>
	Closing Shareholders' funds	333,596	326,216
		<hr/>	<hr/>

16 Employees

Number of employees

There were no employees during the year apart from the directors.

17 Control

The company's 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 controlling party is Landal Worldwide Corp, a company registered in the British Virgin Islands.

18 Related party relationships and transactions

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.