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ANNUAL REPORT AND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

FOR

WELLINGTON PUB COMPANY PLC

Gerald Edelman
73 Cornhill
London
EC3V 3QQ

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WELLINGTON PUB COMPANY PLC

COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2019

Directors:	S A J Nahum M R Turner E M Sawyer
Registered office:	73 Cornhill London EC3V 3QQ
Registered number:	03406623
Auditors:	Gerald Edelman 73 Cornhill London EC3V 3QQ

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2019

The directors present their strategic report for the year ended 31 March 2019.

Review of 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 £700k (2018: £584k loss).

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 sees the capital appreciation of its investment properties and gross profit margins as their key performance indicators (KPIs). These KPIs allow the company to monitor the performance of its financial model as well as its wider responsibilities to its stakeholders.

The company reviews its trade debt position on a weekly and monthly basis to effectively manage the credit risk and have installed a number of debt collection metrics. For the year ended 31 March 2019, trade debt was £3.1m, £0.6m lower than last year (2018: £3.7m).

The company uses rental yield as a measurement to inidicate the rate of return from the investment portfolio. Rental yield is based on consolidated rental income expressed as a percentage over the investment property values as disclosed in the financial statements. The rental yield of 6.6% for the year has increased by 0.3% (2018: 6.3%).

The company also uses revenue growth to measure the performance. This is driven by rent reviews, stepped rents and RPI (Retail Price Index) increases and is negotiated by our experienced property managers. Turnover for the year has increased by 3.9% to £29.3m from last year (2018: £28.2m).

Financial risks and associated risk management objectives and policies
The financial risk management within the company is governed by policies set by the board of directors and senior management. These policies cover interest rate risk and other areas, such as cash management.

Credit 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 guarantee. Existing tenants are reviewed on a regular basis to monitor payment and trading patterns.

Interest rate risk
The company's long term debt is priced at a fixed rate which enables the company to know what interest amounts are payable with no risk attributable to changes in base rates. The company regularly reviews detailed financial forecasts to ensure that there is sufficient cash available to meet its quarterly interest and principal repayments.

Foreign exchange risk
The company is not exposed to foreign exchange risk as all of its income is derived from activities undertaken in the UK and all of its trade and other suppliers invoice in sterling.

On behalf of the board:

Sawyer
....
E M Sawyer - Director

Date: ....30/09/2019....

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report with the financial statements of the company for the year ended 31 March 2019.

Principal activity
The principal activity of the company in the year under review was that of managing leased properties.

Dividends
An interim ordinary dividend was paid amounting to £17.797 million (2018: £10.019 million). The directors do not recommend a payment of a final dividend.

Directors
The directors shown below have held office during the whole of the period from 1 April 2018 to the date of this report.

S A J Nahum
M R Turner

Other changes in directors holding office are as follows:

P C O'Driscoll	-	resigned 28 September 2018
E M Sawyer	-	appointed 28 September 2018

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 2019.

Creditor payment policy
The company has a standard code and also agrees specific individual terms with certain suppliers. Payment is normally made in accordance with those terms, subject to suppliers' own performance.

Statement as to disclosure of information to auditors
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

On behalf of the board:

ESawyer
....
E M Sawyer - Director

Date: 30/09/2019

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019

The directors are responsible for the 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 them apply then 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Opinion

We have audited the financial statements of Wellington Pub Company PLC (the 'company') for the year ended 31 March 2019 which comprise the income statement, other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows, notes to the statement of cash flows and notes to the financial statements, 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 FRS 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 March 2019 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.

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 Auditor's 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 UK, including the FRC'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.

Basis of calculation of materiality

Materiality has been calculated at 1% of the gross assets. The reason for calculating materiality on the parameter of the gross assets is because the company's primary focus is on the capital appreciation of its investment properties. This is considered to be the most appropriate measure and basis for this investment property company. We have assessed the materiality at 1% of gross assets due to the external stake-holder interest as its bonds are listed on London Stock Exchange. Therefore, to follow a risk based approach and considering the various other risk factors we have considered the performance materiality level as appropriate.

Key audit matters

Key audit matters are those matters that, in the auditor's professional judgment, were of most significant in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which have the greatest effect on: the overall audit strategy, the allocation of resources for the audit and directing the efforts of the engagement team. These matters were addressed in the context of the audit of the financial statements and in forming the auditor's opinion thereon, and the auditor does not provide a separate opinion on these matters.

Valuation, ownership & existence of the investment properties

Risk
The company has a significant investment property portfolio which mainly comprises of pubs which are held to earn rentals or achieve capital appreciation and are carried in the financial statements at fair value as at the reporting date. The investment properties formed the most significant part of the Financial Statements. The valuation is carried out by the directors, which is based on their experience of the property market and with reference to formal advice obtained from Chartered Surveyors. There are audit risks associated with the existence, ownership and valuation of the investment properties. The valuation of the properties is one of the key judgemental areas of the audit.

Our response
We have assessed this risk by performing the following audit procedures;

- To confirm the ownership, we have checked on a sample basis the title deeds from the UK Land Registry to ensure that the properties are owned by the company.
- To confirm the existence, we have either physically inspected a sample of pubs or performed a search on the internet to ensure that pubs are actively operating.
- To ensure that the valuation is reasonable, we have performed rental yield analysis and compared with average rental yields for similar properties across the UK in 2018/19. Our results provided satisfactory evidence that rental yields generated from the portfolio is in line with expectations which ensures that investment properties are not materially misstated at the reporting date. Also, as the company has sold a number of properties in the year we have used the selling price to assess whether the fair value is materially different from the sales price.

We have also considered the adequacy of the related disclosures in the company's financial statement.

Completeness of debts

Risk
The company has bonds listed on the London Stock Exchange. The risk is that the debt and associated interest on the bonds are not materially misstated in the financial statements.

Our response
We have assessed this risk by performing the following audit procedures;

- Third party confirmation obtained to confirm the value of the bonds at the reporting date.
- Recalculated the bond interest to ensure the amount recognised is not materially misstated.

We have also considered the adequacy of the related disclosures in the company's financial statement.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions 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.

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.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, 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.

Auditor's 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 auditor's 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.

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

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 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.

Hiten Patel

Hiten Patel FCCA (Senior Statutory Auditor)
for and on behalf of Gerald Edelman
Chartered Accountants
Statutory Auditor
73 Cornhill
London
EC3V 3QQ

Date: 30/9/19

INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £'000	2018 £'000
Turnover	2	29,395	28,287
Administrative expenses		(9,588)	(7,016)
		19,807	21,271
Other operating income		200	224
Operating profit	4	20,007	21,495
Profit/(loss) on sale of investment property	5	700	(584)
		20,707	20,911
Interest receivable and similar income	6	119	63
		20,826	20,974
Interest payable and similar expenses	7	(8,025)	(7,760)
Profit before taxation		12,801	13,214
Tax on profit	8	(2,155)	(2,009)
Profit for the financial year		10,646	11,205

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	2019 £'000	2018 £'000
Profit for the year	10,646	11,205
Other comprehensive income	-	-
Total comprehensive income for the year	10,646	11,205

STATEMENT OF FINANCIAL POSITION
31 MARCH 2019

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Fixed assets					
Investment properties	10		441,378		448,419
Current assets					
Debtors	12	4,625		8,089	
Cash at bank		28,721		36,044	
		33,346		44,133	
Creditors					
Amounts falling due within one year	13	(22,760)		(24,026)	
Net current assets			10,586		20,107
Total assets less current liabilities			451,964		468,526
Creditors					
Amounts falling due after more than one year	14		(102,275)		(110,986)
Provisions for liabilities	17		(19,090)		(19,790)
Net assets			330,599		337,750
Capital and reserves					
Called up share capital	18		13		13
Retained earnings			330,586		337,737
Shareholders' funds			330,599		337,750

The financial statements were approved by the Board of Directors on 30/09/2019 and were signed on its behalf by:

Sawyer

E M Sawyer - Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2017		13	336,551	336,564
Changes in equity				
Dividends	9	-	(10,019)	(10,019)
Total comprehensive income		-	11,205	11,205
Balance at 31 March 2018		13	337,737	337,750
Changes in equity				
Dividends	9	-	(17,797)	(18,182)
Total comprehensive income		-	10,646	10,646
Balance at 31 March 2019		13	330,586	330,599

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Cash generated from operations	1	21,765	22,791
Interest paid		(8,025)	(7,760)
Tax paid		(2,855)	(1,650)
Net cash from operating activities		10,885	13,381
Cash flows from investing activities			
Additions to investment properties		(28)	(175)
Proceeds on the disposal of investment properties		7,769	3,048
Interest received		119	63
Net cash from investing activities		7,860	2,936
Cash flows from financing activities			
Repayment in debentures		(8,407)	(7,996)
Loan repayments in year		136	9,738
Dividends paid		(17,797)	(10,019)
Net cash from financing activities		(26,068)	(8,277)
(Decrease)/increase in cash and cash equivalents		(7,323)	8,040
Cash and cash equivalents at beginning of year	2	36,044	28,004
Cash and cash equivalents at end of year	2	28,721	36,044

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

1. Reconciliation of profit before taxation to cash generated from operations

	2019	2018
	£'000	£'000
Profit before taxation	12,801	13,214
(Profit)/Loss on sale of investment properties	(700)	584
Finance costs	8,025	7,760
Finance income	(119)	(63)
	20,007	21,495
Decrease in trade and other debtors	3,464	700
(Decrease)/increase in trade and other creditors	(1,706)	596
Cash generated from operations	21,765	22,791

2. Cash and cash equivalents

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 March 2019

	2019	2018
	£'000	£'000
Cash and cash equivalents	28,721	36,044

Year ended 31 March 2018

	2018	2017
	£'000	£'000
Cash and cash equivalents	36,044	28,004

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 Standards applicable in the UK and Republic of Ireland" ("FRS102") 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 the 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.

1.6 Financial instruments
The company has elected 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 financial 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 receivables 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 is 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 assets 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 recognised only when the contractual rights of the cash flows from the asset expire or are settled, or when the company transfers the financial asset and subsequently 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.

Basic financial liabilities
Basic financial liabilities, including creditors, debentures and loans from fellow group companies 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 designed 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 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 subsequently 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.

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 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.

1.12 Significant judgements and estimates
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.

1.13 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 values 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 and 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.

1.14 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 year.

2. Turnover

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2019	2018
	£'000	£'000
Rental income	29,395	28,287

An analysis of turnover by geographical market is given below:

	2019	2018
	£'000	£'000
United Kingdom	29,395	28,287

3. Employees and directors

There were no staff costs for the year ended 31 March 2019 nor for the year ended 31 March 2018.

	2019	2018
	£	£
Directors' remuneration	-	-

4. **Operating profit**

The operating profit is stated after charging:

	2019 £'000	2018 £'000
Operating lease charges	96	74
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

5. **Profit/(loss) on sale of investment property**

	2019 £'000	2018 £'000
Profit/(loss) on sale of investment property	700	(584)

6. **Interest receivable and similar income**

	2019 £'000	2018 £'000
Interest on bank deposits	69	16
Other interest receivable	50	47
	119	63

7. **Interest payable and similar expenses**

	2019 £'000	2018 £'000
Liabilities measured at amortised cost	8,025	7,760

8. Taxation

Analysis of the tax charge

The tax charge/(credit) on the profit for the year was as follows:

	2019 £'000	2018 £'000
Current tax:		
UK corporation tax	2,855	2,970
Deferred tax	(700)	(961)
Tax on profit	2,155	2,009

UK corporation tax has been charged at 19%.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher (2018: lower) than the standard rate of corporation tax in the UK.

	2019 £'000	2018 £'000
Profit before tax	12,801	13,215
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	2,432	2,511
Effects of:		
(Loss)/profit on disposal of investment properties	(335)	111
Effect of change in corporation tax rate	58	64
Group relief	-	(256)
Effect of revaluations and indexation of investments	-	(421)
Total tax charge	2,155	2,009

9. Dividends

	2019 £'000	2018 £'000
Interim paid	17,797	10,019

10. Investment properties

	Total
	£'000
Fair value	
At 1 April 2018	448,419
Additions	28
Disposals	(7,069)
At 31 March 2019	441,378
Net book value	
At 31 March 2019	441,378
At 31 March 2018	448,419

The directors have reviewed the investment properties held and consider their value at 31 March 2019 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

	2019	2018
	£'000	£'000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	14,773	7,706
Carrying amount of financial liabilities		
Measured at amortised cost	110,593	127,820

12. Debtors: amounts falling due within one year

	2019	2018
	£'000	£'000
Trade debtors	3,158	3,708
Amounts owed by group undertakings	480	1,746
Amounts owed by associates	-	481
Other debtors	344	1,771
Prepayments and accrued income	643	383
	4,625	8,089

Trade debtors disclosed above are measured at amortised cost.

Included within trade debtors above is a provision for bad debts amounting to £3.7m (2018: £3.5m).

13. Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Debentures (see note 15)	8,847	8,407
Trade creditors	951	2,725
Amounts owed to group undertakings	299	297
Amounts owed to associates	2	-
Corporation Tax	876	1,320
VAT creditor	1,614	938
Other creditors	3,129	2,901
Accruals and deferred income	7,042	7,438
	22,760	24,026

14. Creditors: amounts falling due after more than one year

	2019 £'000	2018 £'000
Debenture loans (see note 15)	105,195	114,042
Unamortised issue costs	(2,920)	(3,056)
	102,275	110,986

15. Loans and overdrafts

An analysis of the maturity of loans and overdrafts is given below:

	2019 £'000	2018 £'000
Amounts falling due within one year or on demand:		
Debenture loans	8,847	8,407
Amounts falling due in more than five years:		
Repayable by instalments		
Class A secured fixed rate bonds repayable January 2029	86,835	93,642
Class B secured fixed rate bonds repayable January 2029	18,360	20,400
Unamortised issue costs	(2,920)	(3,056)
	102,275	110,986

15. **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 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 an amortised cost of £9.98m. These were subsequently sold on 9 October 2017.

During the year, the company repaid £6,367,000 (2018: £5,955,840) of the Class A secured fixed rate bonds and £2,040,000 (2018: £2,040,000) of the Class B secured fixed rate bonds.

16. **Operating lease commitments**

Lessor

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

	2019	2018
	£'000	£'000
Within one year	27,323	28,210
Between one and five years	95,784	98,012
In more than five years	135,726	149,210
	258,833	275,432

17. Provisions for liabilities

	2019 £'000	2018 £'000
Accelerated capital allowances	7,120	7,090
Investment property	11,970	12,700
	19,090	19,790

	Deferred tax £'000
Balance at 1 April 2018	19,790
Charge/(credit) to Income Statement during year	(700)
Balance at 31 March 2019	19,090

18. Called up share capital

Allotted, called up and fully paid	2019 £	2018 £
Ordinary shares partly paid of £0.50 each	12,650	12,650

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.

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.

Included within the amount due from related undertakings is £nil (2018: £481,000) due from Aldersgate Investments Limited, a company under common control.

Included within the amount due to related undertakings is £2,259 (2018: £nil) due to Aldersgate Investments Limited, a company under common control.

20. 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.