

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**  
**FOR**  
**WELLINGTON PUB COMPANY PLC**



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FOR THE YEAR ENDED 31 MARCH 2022

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**WELLINGTON PUB COMPANY PLC**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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<b>Directors:</b>	S A J Nahum E M Sawyer
<b>Registered office:</b>	73 Cornhill London EC3V 3QQ
<b>Business address:</b>	4 <sup>th</sup> Floor Millbank Tower 21-24 Millbank London SW1P 4QP
<b>Registered number:</b>	03406623
<b>Auditors:</b>	Gerald Edelman LLP 73 Cornhill London EC3V 3QQ

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2022**

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The directors present their strategic report for the year ended 31 March 2022.

**Review of business**

The financial statements of the Company for the year ended 31 March 2022 present the results and the financial position of the Company for the year commencing 1 April 2021. The comparative figures present the results of the Company for the year from 1 April 2020 to 31 March 2021.

The company's revenue is derived from the management of leased properties, which are predominantly public houses.

Revenue for the year increased by some 40% compared to the prior year due to the country coming out of lockdown as a result of the COVID-19 pandemic in April 2021. Revenue for the year, excluding support packages, has returned to pre-pandemic levels.

The support packages offered to tenants are a direct result of the COVID-19 pandemic and are in the form of rent concessions that fall within the 2020 and 2021 nationwide lockdown periods. Rent concessions offset against turnover for the year total £1.7m (2021: £8.9m).

The results for the year are shown in the Income Statement on page 11. Operating profit for the year was £50.8m (2021: £13.1m) including revaluation gains of £30m (2021: £2.1m). Profit before tax was £45m (2021: £4m). The financial position of Wellington Pub Company Plc is set out in the Statement of Financial Position on page 13. The net increase in cash for the year of £9.1m (2021: £12.2m decrease) is mainly attributable from the reduction in trade debtors and proceeds on the disposal of 16 public houses.

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 that were disposed of generated a net gain of approximately £0.6m (2021: £2.2m 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, where the company has experienced difficulties in collecting payment from its debtors a provision for doubtful debts has been made in the accounts. As a result of the Covid-19 pandemic an additional provision has been made whilst the company continues to assess the full impact on its portfolio.

**Promoting success of the company**

The directors have continued with a pipeline of developments within the property portfolio that will create value in the long-term. Capital expenditure for the year totalled £14m (2021: £15.5m).

The company's operations continue to qualify as low energy, as disclosed in the energy and carbon report, minimising its impact on the environment.

The company endeavours to maintain a high standard of operations and business conduct and will continue to act fairly between members of the company.

STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2022

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**Key performance indicators**

The company sees the capital appreciation of its investment properties and rental income as its 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 shareholders. For the year ended 31 March 2022, investment properties were valued at £543.2m (2021: £509.7m) and the rental income was £28m, which is an increase of £8m to last year (2021: £20m). The increase in revenue is due to various support packages that Wellington Pub Company Plc offered its tenants last year to assist during the shutdown of the hospitality sector during the COVID-19 pandemic.

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 2022, trade debt was £7.6m which is a £1.9m reduction to last year (2021: £9.5m).

The company uses rental yield as a measurement to indicate 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 5.1% is an increase of 1.2% (2021: 3.9%) due to the increased rental income achieved.

**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:

  
.....  
E M Sawyer - Director

Date: 26/10/2022  
.....

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2022**

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The directors present their report with the financial statements of the company for the year ended 31 March 2022.

**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 £nil (2021: £6k). 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 2021 to the date of this report.

S A J Nahum  
E M Sawyer

Other changes in directors holding office are:

M R Turner - resigned 6 October 2022

**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 2022.

**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.

**Streamlined energy and carbon reporting**

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

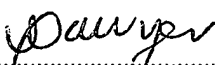
**Statement as to disclosure of information to auditors**

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**

Gerald Edelman LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

**On behalf of the board:**

  
.....  
E M Sawyer - Director

Date: 26/10/2022

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2022**

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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.

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WELLINGTON PUB COMPANY PLC

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### Opinion

We have audited the financial statements of Wellington Pub Company PLC (the 'company') for the year ended 31 March 2022 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 2022 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 set at 1.25% of turnover except for investment properties, where 1.5% has been applied. This has allowed us to select appropriate samples for audit testing on all areas of the financial statements to ensure that the risk of material misstatement is reduced appropriately.

### 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 appointed an external auditor's expert who are RICS qualified and have significant experience in the leisure and hospitality property market to review and recalculate on a sample basis the valuations of property and compare these to the valuations carried out by the directors.
- The use of an audit expert does not reduce our responsibility for the opinion on valuations and we therefore audited the report which was produced by the experts by assessing the expert's competence and the inputs used to calculate the valuation. Our review provided satisfactory evidence that valuations of portfolio are in line with expectations, which gives assurance that investment properties are not materially misstated at the reporting date.



**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
WELLINGTON PUB COMPANY PLC**

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**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.

**Management Override of Controls**

**Risk**

There is a risk that management could override of controls, which is a fraud risk.

**Our Response**

We have assessed the risks by performing the following work;

- Reviewed large and unusual bank transactions made and determined if transactions were in line with our understanding of the business.
- Performed testing on journals to gain assurance were in line with our understanding of the business.
- Reviewed significant accounting estimates in the accounts.

**Recoverability of Trade Debtors**

**Risk**

The company's revenue is derived from the management of leased properties, which are predominantly public houses. Due to the coronavirus outbreak ongoing from March 2020 and the enforced closure of all pubs by the government public houses have struggled with cash flow which gives rise to risk over the recoverability of trade debtors at the year end.

**Our Response**

We have assessed the risks by performing the following work;

- We have reviewed trade debtors at year end on a global basis, by obtaining the position of these debtor balances at various dates following the year end to assess how much has been recovered.
- We have discussed the recoverability of significant debtors which remain outstanding to date of signing and are not provided for

**Revenue Recognition**

**Risk**

The company derives its revenue from the management of leased properties, there are audit risks associated with the completeness, occurrence and cut off of revenue in the year.

**Our Response**

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

- To test completeness, we selected properties on a sample basis from the client provided investment property schedule and obtained all lease documentation to recalculate amounts to compare to accounts and investigated any differences.
- To test occurrence, we selected properties on a sample basis from the schedule of rental income in the accounts and obtained all lease documentation to recalculate amounts to compare to accounts and investigated any differences.
- As we have recalculated the amount that should be included in the current year, and compared to amounts included in the accounts, we have assurance over the cut off of the revenue.

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

# REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WELLINGTON PUB COMPANY PLC

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## **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.

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WELLINGTON PUB COMPANY PLC

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### **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.

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

We planned our audit so that we have a reasonable expectation of detecting material misstatements in the financial statements resulting from irregularities, fraud or non-compliance with law or regulations.

The extent to which the audit was considered capable of detecting irregularities including fraud

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- Enquiring of management of whether they are aware of any non-compliance with laws and regulations.
- Enquiring of management whether they have knowledge of any actual, suspected or alleged fraud.
- Enquiring of management their internal controls established to mitigate risk related to fraud or non-compliance with laws and regulations.
- Discussions amongst the engagement team on how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in posting of unusual journals, possibility of reduced rent being given to relatives of staff and management.
- Obtaining understanding of the legal and regulatory framework the company operates in focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations. The key laws and regulations we considered in this context included UK Companies Act, tax legislation, Landlord and Tenant Act and, Health and Safety.
- Audit response to risks identified.
- Fraud due to management override,  
To address the risk of fraud through management bias and override of controls, we:
- Performed analytical procedures to identify any unusual or unexpected relationships.
- Audited the risk of management override of controls, including through testing journal entries for appropriateness.
- Investigated the rationale behind significant or unusual transactions.
- Irregularities and non-compliance with laws and regulations,  
In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but are not limited to:
- Agreeing financial statements disclosures to underlying supporting documentation.
- Enquiring of management as to actual and potential litigation claims.
- Reviewing minutes of meetings of those charged with governance.

The test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, mean that there is an unavoidable risk that even some material misstatements in respect of irregularities may remain undiscovered even though the audit is properly planned and performed in accordance with ISAs (UK). Furthermore, the more removed that laws and regulations are from financial transactions, the less likely that we would become aware of non-compliance. Our examination should therefore not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance that might exist. The responsibility for safeguarding the assets of the company and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the directors.

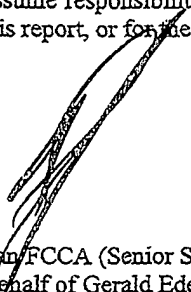
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
WELLINGTON PUB COMPANY PLC**

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**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.



Asgher Sultan FCCA (Senior Statutory Auditor)  
for and on behalf of Gerald Edelman LLP  
73 Cornhill  
London  
EC3V 3QQ

Date: .....

26/10/2022

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	2022 £'000	2021 £'000
<b>Turnover</b>	2	27,776	19,775
Administrative expenses		<u>(7,048)</u>	<u>(9,091)</u>
		20,728	10,684
Other operating income		71	319
Gain/loss on revaluation of investment property		<u>30,041</u>	<u>2,133</u>
<b>Operating profit</b>	4	50,840	13,136
Profit/(loss) on sale of investment property	5	<u>592</u>	<u>(2,225)</u>
		51,432	10,911
Interest receivable and similar income	6	<u>4</u>	<u>13</u>
		51,436	10,924
Interest payable and similar expenses	7	<u>(6,408)</u>	<u>(6,842)</u>
<b>Profit before taxation</b>		45,028	4,082
Tax on profit	8	<u>(18,080)</u>	<u>(2,599)</u>
<b>Profit for the financial year</b>		<u>26,948</u>	<u>1,483</u>

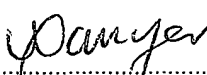
OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £'000	2021 £'000
Profit for the year		26,948	1,483
Other comprehensive income		-	-
Total comprehensive income for the year		<u>26,948</u>	<u>1,483</u>

STATEMENT OF FINANCIAL POSITION  
31 MARCH 2022

		2022		2021	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Investment properties	10		543,220		509,657
<b>Current assets</b>					
Debtors	11	10,575		10,894	
Cash at bank		<u>20,852</u>		<u>11,745</u>	
		31,427		22,639	
<b>Creditors</b>					
Amounts falling due within one year	12	<u>(41,623)</u>		<u>(32,855)</u>	
<b>Net current liabilities</b>			<u>(10,196)</u>		<u>(10,216)</u>
<b>Total assets less current liabilities</b>			533,024		499,441
<b>Creditors</b>					
Amounts falling due after more than one year	13		(75,009)		(85,217)
<b>Provisions for liabilities</b>	17		<u>(48,562)</u>		<u>(31,719)</u>
<b>Net assets</b>			<u>409,453</u>		<u>382,505</u>
<b>Capital and reserves</b>					
Called up share capital	18		13		13
Retained earnings			<u>409,440</u>		<u>382,492</u>
<b>Shareholders' funds</b>			<u>409,453</u>		<u>382,505</u>

The financial statements were approved by the Board of Directors and authorised for issue on 26/10/2022 and were signed on its behalf by:

  
.....  
E M Sawyer - Director

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2020 (as restated)	13	381,015	381,028
Changes in equity			
Dividends	-	(6)	(6)
Total comprehensive income	-	1,483	1,483
Balance at 31 March 2021	13	382,492	382,505
Changes in equity			
Total comprehensive income	-	26,948	26,948
Balance at 31 March 2022	13	409,440	409,453



STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2022

		2022 £'000	2021 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	28,112	14,014
Interest paid		<u>(6,408)</u>	<u>(6,842)</u>
Net cash from operating activities		<u>21,704</u>	<u>7,172</u>
<b>Cash flows from investing activities</b>			
Purchase of investment properties		(14,023)	(15,540)
Proceeds on the disposal of investment properties		11,093	5,426
Interest received		<u>4</u>	<u>13</u>
Net cash from investing activities		<u>(2,926)</u>	<u>(10,101)</u>
<b>Cash flows from financing activities</b>			
Repayment in debentures		(9,820)	(9,317)
Loan repayments in year		149	81
Dividends paid		<u>-</u>	<u>(6)</u>
Net cash from financing activities		<u>(9,671)</u>	<u>(9,242)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>9,107</u>	<u>(12,171)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	11,745	23,916
<b>Cash and cash equivalents at end of year</b>	2	<u>20,852</u>	<u>11,745</u>

**NOTES TO THE STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2022**

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Profit before taxation	45,028	4,082
Gain on revaluation of investment properties	(30,041)	(2,133)
(Profit)/Loss on sale of investment properties	(592)	2,225
Finance costs	6,408	6,842
Finance income	<u>(4)</u>	<u>(13)</u>
	20,799	11,003
Decrease/(increase) in trade and other debtors	319	(5,603)
Increase in trade and other creditors	<u>6,994</u>	<u>8,614</u>
<b>Cash generated from operations</b>	<b><u>28,112</u></b>	<b><u>14,014</u></b>

**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 2022**

	31/3/22	1/4/21
	£'000	£'000
Cash and cash equivalents	<u>20,852</u>	<u>11,745</u>

**Year ended 31 March 2021**

	31/3/21	1/4/20
	£'000	£'000
Cash and cash equivalents	<u>11,745</u>	<u>23,916</u>

**3. Analysis of changes in net debt**

	At 1/4/21	Cash flow	At 31/3/22
	£'000	£'000	£'000
<b>Net cash</b>			
Cash at bank	<u>11,745</u>	<u>9,107</u>	<u>20,852</u>
	<u>11,745</u>	<u>9,107</u>	<u>20,852</u>
<b>Debt</b>			
Debts falling due within 1 year	(9,820)	(537)	(10,357)
Debts falling due after 1 year	<u>(85,217)</u>	<u>10,208</u>	<u>(75,009)</u>
	<u>(95,037)</u>	<u>9,671</u>	<u>(85,366)</u>
<b>Total</b>	<b><u>(83,292)</u></b>	<b><u>18,778</u></b>	<b><u>(64,514)</u></b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022

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1. Accounting policies

**Basis of preparing the financial statements**

**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. The business address is 4<sup>th</sup> Floor Millbank Tower, 21-24 Millbank, London SW1P 4QP.

**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.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2022

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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 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 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.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2022

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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.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2022

**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.

**Investments 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:

	2022 £'000	2021 £'000
Rental income	<u>27,776</u>	<u>19,775</u>

An analysis of turnover by geographical market is given below:

	2022 £'000	2021 £'000
United Kingdom	<u>27,776</u>	<u>19,775</u>

**3. Employees and directors**

There were no employee costs for the year ended 31 March 2022 nor for the year ended 31 March 2021.

There were no employees other than the directors.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2022

3. **Employees and directors - continued**

	2022	2021
	£	£
Directors' remuneration	-	-

4. **Operating profit**

The operating profit is stated after charging:

	2022	2021
	£'000	£'000
Operating lease charges	96	112
Auditors' remuneration	75	45

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

	2022	2021
	£'000	£'000
Profit/(loss) on sale of investment property	592	(2,225)

6. **Interest receivable and similar income**

	2022	2021
	£'000	£'000
Interest on bank deposits	1	11
Other interest receivable	3	2
	4	13

7. **Interest payable and similar expenses**

	2022	2021
	£'000	£'000
Liabilities measured at amortised cost	6,408	6,842
	6,408	6,842

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2022

## 8. Taxation

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2022 £'000	2021 £'000
Current tax:		
UK corporation tax	1,237	599
Deferred tax	<u>16,843</u>	<u>2,000</u>
Tax on profit	<u>18,080</u>	<u>2,599</u>

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 the same as the standard rate of corporation tax in the UK.

	2022 £'000	2021 £'000
Profit before tax	<u>45,028</u>	<u>4,082</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	8,555	776
Effects of:		
Expenses not deductible for tax purposes	12	424
Income not taxable for tax purposes	(113)	-
Effect of change in corporation tax rate	11,655	-
Use of losses not recognised	(375)	-
Chargeable gains	867	-
Tax reliefs not paid for	(1,254)	841
Additional deferred tax	225	-
Prior year adjustment	(1,492)	-
Revaluation of investment properties	-	(405)
Other deferred tax movements	<u>-</u>	<u>963</u>
Total tax charge	<u>18,080</u>	<u>2,599</u>

## 9. Dividends

	2022 £'000	2021 £'000
Interim paid	<u>-</u>	<u>6</u>



NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2022

## 10. Investment properties

	Total £'000
<b>Fair value</b>	
At 1 April 2021	509,657
Additions	14,023
Disposals	(10,501)
Revaluations	<u>30,041</u>
At 31 March 2022	<u>543,220</u>
<b>Net book value</b>	
At 31 March 2022	<u>543,220</u>
At 31 March 2021	<u>509,657</u>

During the year, investment properties were valued by the director, M R Turner who was a RICS qualified chartered surveyor. The directors have used their experience of the property market with reference to market evidence of the transaction prices of similar properties and rental yields for each property in forming their opinions.

## 11. Debtors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade debtors	7,614	9,520
Amounts owed by group undertakings	480	480
Other debtors	566	500
Prepayments and accrued income	<u>1,915</u>	<u>394</u>
	<u>10,575</u>	<u>10,894</u>

Trade debtors disclosed above are measured at amortised cost.

Included within Trade debtors above are provisions for bad debts amounting to £8.5m (2021: £9.5m). The provision was reduced in the current year following a post-pandemic assessment of accounts receivable collectability.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2022

12. Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Debentures (see note 14)	10,357	9,820
Trade creditors	443	1,018
Amounts owed to group undertakings	16,203	9,087
Corporation Tax	1,904	667
Social security and other taxes	1,409	1,447
Other creditors	2,983	3,034
Accruals and deferred income	8,324	7,782
	<u>41,623</u>	<u>32,855</u>

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

	2022	2021
	£'000	£'000
Debenture loans (see note 14)	75,700	86,057
Amortised issue costs	(691)	(840)
	<u>75,009</u>	<u>85,217</u>

14. Loans and overdrafts

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

	2022	2021
	£'000	£'000
Amounts falling due within one year or on demand:		
Debenture loans	<u>10,357</u>	<u>9,820</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Class A secured fixed rate bonds repayable January 2029	63,460	71,777
Class B secured fixed rate bonds repayable January 2029	12,240	14,280
Amortised issue costs	<u>(691)</u>	<u>(840)</u>
	<u>75,009</u>	<u>85,217</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2022**

**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 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.

During the year, the company repaid £7,780,160 (2021: £7,277,440) of the Class A secured fixed rate bonds and £2,040,000 (2021: £2,040,000) of the Class B secured fixed rate bonds.

**15. Operating lease commitments****Lessor**

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

	2022 £'000	2021 £'000
Within one year	28,786	27,283
Between one and five years	89,461	89,659
In more than five years	<u>105,349</u>	<u>114,112</u>
	<u>223,596</u>	<u>231,054</u>

**16. Financial instruments**

	2022 £'000	2021 £'000
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	<u>8,660</u>	<u>10,500</u>
 <b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	<u>104,994</u>	<u>108,176</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2022**

**17. Provisions for liabilities**

Deferred tax is calculated on temporary differences using a tax rate of 25% (2021: 19%)

	2022 £'000	2021 £'000
Accelerated capital allowances	10,562	8,009
Investment property	<u>38,000</u>	<u>23,710</u>
	<u>48,562</u>	<u>31,719</u>
		<b>Deferred tax</b>
		<b>£'000</b>
Balance at 1 April 2021		31,719
Charge to Income Statement during year		<u>16,843</u>
Balance at 31 March 2022		<u>48,562</u>

**18. Called up share capital**

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
Ordinary shares partly paid of £0.50 each	<u>12,650</u>	<u>12,650</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.

**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 in creditors are bonds owned by Reuben Foundation, a charity whose Trustees include S D Reuben and R D Reuben. The bond investment as at 31 March 2022 is £38,330,000 (2021: £27,330,000) following a purchase of £11,000,000 nominal bonds on 16 March 2022. Interest of £813,793 (2021: £898,222) was recognised on these bonds in the year.

**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.