Company Registration No. 05204672 (England and Wales)

INVESTORS IN PRIVATE CAPITAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

INVESTORS IN PRIVATE CAPITAL LIMITED

COMPANY INFORMATION

Directors	J A Reuben P O'Driscoll M Turner S Nahum
Secretary	A Benjamin
Company number	05204672
Registered office	73 Cornhill London EC3V 3QQ
Auditor	Gerald Edelman 73 Cornhill London EC3V 3QQ

INVESTORS IN PRIVATE CAPITAL LIMITED

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INVESTORS IN PRIVATE CAPITAL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The directors present the strategic report for the year ended 31 March 2016.

Fair review of the business
The group continues to maintain its market position despite continuing challenges in the industry following the global economic slowdown and regulatory changes. Rental uplifts at rent review anniversaries and lease renewals, have contributed to generating growth in headline income.

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.

When 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 £2,025k (2015: loss £337k). During the year, the group also considered the acquisition of a number of public house portfolios that fit with its strategic objectives and add value to the existing portfolio. At year end none had been acquired.

Following a review of the group's portfolio, in December 2015 the directors decided to sell its investment in the group's United States subsidiaries to a related entity.

Overall, the performance of the year is considered to be satisfactory and the directors are confident about the forthcoming year.

Principal risks and uncertainties
The group is exposed to market risk in the form of financial risk, commercial risk, banking risk and foreign exchange risk. The risk management policies employed by the group to manage these risks are discussed below.

<u>Financial risk</u>

The group supplies goods and services to customers on normal credit terms. Trade debtor balances are monitored on an ongoing basis and credit terms for all customers are regularly reviewed. The group's other financial risks arise on loans and cash balances. Surplus funds are held in short-term, interest bearing deposits with major banks. The group has not entered into any derivative transactions such as interest rate swaps in relation to any borrowings or investments.

<u>Commercial risk</u>

The group operates in a competitive market and there is a continuing risk that the group could lose customers due to challenges in the economy and competition for the leisure pound. It is believed that this risk has reduced from previous years and is mitigated by not being dependant on a single customer. In order to manage commercial 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. Tenants are reviewed on a regular basis to monitor payment and trading patterns.

Banking risk

The group has long term financing in place with its bonds (see note 20) and as such, the banking risks are minimal for the group.

Foreign exchange risk

The group operates in the United Kingdom and the United States. Each jurisdiction undertakes a large proportion of its commercial transactions within its local market and its functional currency. Foreign exchange risk arises from the small proportion of commercial transactions undertaken in currencies other than the local functional currency, from financial assets and liabilities denominated in currencies other than the local functional currency and on the group's net investments in foreign operations.

Group policy is for each jurisdiction to undertake commercial transactions in its own functional currency whenever possible. Where this is not possible, the group manages its cash position across the group to mitigate the need to translate currency.

The group does not currently intend or enter into hedging transactions in relation to its foreign exchange risk.

The year-end exchange rate used when translating the result for the year to Sterling was GBP/USD £1.53 average rate for the 9 month period the US subsidiary was part of the group and the year end rate of £1.49.

Key performance indicators
The directors consider the following to be key performance indicators for the group:

Total revenue
Total revenue in the year was £94.2m (increase from 2015 value of £63.7m). The significant increase is a result of the acquisition of a US based subsidiary (2015 period of 3 months 32.8m & 2016 period of 9 months £64.4m). Increased revenues from the public house portfolio has also enhanced this result.

Profit on ordinary activities before taxation
Profit on ordinary activities before taxation increased to £27.8m (2015: £19.2m) as a result of the disposal of the group's US subsidiary.

Cash generated from operations
Cash generated from operations in the year was £59.8m. This is a £20.2m increase on the 2015 value of £39.6m.

Net asset value
Net asset value posted a strong increase in the year of £18m (£151m for 2016: £133m for 2015).

Our people
Our people are central to our aim of being the UKs largest free of tie pub company and sourcing quality investments to further enhance our portfolio. We recruit, train and remunerate to attract the best professionals to enhance organisational performance. Our people include administration personnel that are key to supporting the operational and management team. Performance is actively monitored and upon achievement of certain targets employees benefit from appropriate financial incentives. The group also operates a defined contribution pension scheme.

Other information and explanations

The group is committed to the goals of environmental sustainability and accountability. We are conscious of our operating environment and the effect our activities can have on neighbouring communities. For the group's managed house and hotel operations there are appropriate environmental policies and waste disposal contracts in place. Where appropriate, subsidiaries participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme and Energy Savings Opportunity Scheme (ESOS).

On behalf of the board

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P O'Driscoll

Director

...22/2/2017

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The directors present their annual report and financial statements for the year ended 31 March 2016.

Principal activities
The principal activity of the company continued to be that of a holding company.

The principal activity of the UK based subsidiary companies is that of managing leased properties, property investment and managing licensed premises.

The principal activity of the overseas subsidiaries based in the USA during the period was of providing daily storage and delivery charges for moving metal out of warehouses. However, during the year the company sold the overseas subsidiaries.

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

J A Reuben
P O'Driscoll
M Turner
S Nahum

Results and dividends
The results for the year are set out on page 8.

The directors do not recommend payment of an ordinary dividend.

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

Statement of directors' responsibilities
The directors are responsible for preparing the Annual 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INVESTORS IN PRIVATE CAPITAL LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

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

Going concern
Having reviewed the group's financial forecasts and expected future cash flows, the directors have a reasonable expectation that the group 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 2016.

On behalf of the board

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P O'Driscoll
Director
.....22/2/2017

INVESTORS IN PRIVATE CAPITAL LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INVESTORS IN PRIVATE CAPITAL LIMITED

We have audited the financial statements of Investors in Private Capital Limited for the year ended 31 March 2016 set out on pages 8 to 36. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Basis for qualified opinion on the Financial Performance and Cash flows
The group's US subsidiaries were audited by a US component auditor. Due to certain restrictions imposed upon us, we have been unable to satisfy ourselves with the reliability of the conclusions drawn by the component auditors and accordingly we were unable to determine whether adjustments might have been necessary in respect of the US subsidiaries' profit of £11.3m for the year included in the consolidated statement of comprehensive income and the net cash flows from operating activities reported in the consolidated statement of cash flows.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Kingdom, 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 qualified opinion.

Qualified opinion on the Financial Performance and Cash Flows
Except for the possible effects of the matter described in the basis of Qualified Opinion paragraph above, in our opinion the Consolidated Profit and Loss Account and Consolidated Statement of Cash Flows give a true and fair view of the financial performance and cash flows of the Company for the year ended 31 March 2016, in accordance with UK GAAP.

Opinion on the Financial Position
In our opinion, the statement of financial position gives a true and fair view of the financial position of the Company and the Group as at 31 March 2016 in accordance with UK GAAP and have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- *certain disclosures of directors' remuneration specified by law are not made.*

Hiten Patel

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

22/2/2017

Chartered Accountants
Statutory Auditor

73 Cornhill
London
EC3V 3QQ

INVESTORS IN PRIVATE CAPITAL LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £'000	2015 £'000
Turnover	3	94,249	63,674
Cost of sales		(30,889)	(17,137)
Gross profit		63,360	46,537
Administrative expenses		(16,820)	(17,538)
Other operating income		71	187
Operating profit	4	46,611	29,186
Interest receivable and similar income	8	3,898	1,174
Interest payable and similar charges	9	(20,430)	(17,158)
(Loss)/gain on disposal of subsidiary undertakings		(12,694)	5,978
Fair value gains and losses on investment properties		10,366	-
Profit before taxation		27,751	19,180
Taxation	10	(10,036)	6,666
Profit for the financial year		17,715	25,846

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

INVESTORS IN PRIVATE CAPITAL LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	2016 £'000	2015 £'000
Profit for the year	17,715	25,846
Other comprehensive income		
Currency translation differences	-	2,897
Total comprehensive income for the year	17,715	28,743

Total comprehensive income for the year is all attributable to the owners of the parent company.

INVESTORS IN PRIVATE CAPITAL LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2016

	Notes	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Fixed assets					
Goodwill	11		-		52,794
Tangible assets	12		2		1,099
Investment properties	13		489,848		519,832
Investments	14		25		25
			489,875		573,750
Current assets					
Stocks	17	-		31	
Debtors	18	41,581		66,909	
Cash at bank and in hand		33,935		29,867	
		75,516		96,807	
Creditors: amounts falling due within one year	19	(31,941)		(74,108)	
Net current assets			43,575		22,699
Total assets less current liabilities			533,450		596,449
Creditors: amounts falling due after more than one year	21		(356,970)		(436,499)
Provisions for liabilities	23		(25,121)		(26,306)
Net assets			151,359		133,644
Capital and reserves					
Called up share capital	25		1		1
Profit and loss reserves			151,358		133,643
Total equity			151,359		133,644

The financial statements were approved by the board of directors and authorised for issue on 22/2/2017 and are signed on its behalf by:

P O'Driscoll
Director

INVESTORS IN PRIVATE CAPITAL LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2016

	Notes	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Fixed assets					
Investments	14		237,048		280,184
Current assets					
Debtors	18	30,735		27,650	
Cash at bank and in hand		314		107	
		31,049		27,757	
Creditors: *amounts falling due within one year*	19	(24,289)		(23,623)	
Net current assets			6,760		4,134
Total assets less current liabilities			243,808		284,318
Creditors: amounts falling due after more than one year	21		(315,170)		(361,731)
Net liabilities			(71,362)		(77,413)
Capital and reserves					
Called up share capital	25		1		1
Profit and loss reserves			(71,363)		(77,414)
Total equity			(71,362)		(77,413)

The financial statements were approved by the board of directors and authorised for issue on 22/2/2017 and are signed on its behalf by:

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P O'Driscoll
Director

Company Registration No. 05204672

INVESTORS IN PRIVATE CAPITAL LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Share capital	Revaluation reserve	Profit and loss reserves	Total
		£'000	£'000	£'000	£'000
Balance at 1 April 2014		1	37,563	88,510	126,074
Effect of transition to FRS 102		-	(37,563)	16,390	(21,173)
As restated		1	-	104,900	104,901
Year ended 31 March 2015:					
Profit for the year		-	-	25,846	25,846
Other comprehensive income:					
Currency translation differences		-	-	2,897	2,897
Total comprehensive income for the year		-	-	28,743	28,743
Balance at 31 March 2015		1	-	133,643	133,644
Year ended 31 March 2016:					
Profit and total comprehensive income for the year		-	-	17,715	17,715
Balance at 31 March 2016		1	-	151,358	151,359

INVESTORS IN PRIVATE CAPITAL LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Share capital £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 April 2014		1	(78,943)	(78,942)
Year ended 31 March 2015:				
Profit and total comprehensive income for the year		-	1,529	1,529
Balance at 31 March 2015		1	(77,414)	(77,413)
Year ended 31 March 2016:				
Profit and total comprehensive income for the year		-	6,051	6,051
Balance at 31 March 2016		1	(71,363)	(71,362)

INVESTORS IN PRIVATE CAPITAL LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016		2015	
		£'000	£'000	£'000	£'000
Cash flows from operating activities					
Cash generated from operations	30		59,849		39,649
Interest paid			(20,430)		(17,158)
Income taxes refunded			538		320
Net cash inflow from operating activities			39,957		22,811
Investing activities					
Purchase of tangible fixed assets		(1,025)		-	
Proceeds on disposal of tangible fixed assets		1,045		-	
Purchase of investment property		(421)		(359)	
Proceeds on disposal of investment property		9,607		6,857	
Purchase of subsidiaries		-		(104,254)	
Loan repayment on disposal of subsidiaries		48,529		(224)	
Proceeds from other investments and loans		2,626		(412)	
Interest received		3,898		762	
Other investment income received		-		412	
Net cash generated from/(used in) investing activities			64,259		(97,218)
Financing activities					
New long term loans		-		120,436	
Repayment of debentures		(7,253)		(22,526)	
Repayment of borrowings		(87,995)		(30,715)	
Repayment of bank loans		(4,900)		-	
Net cash (used in)/generated from financing activities			(100,148)		67,195
Net increase/(decrease) in cash and cash equivalents			4,068		(7,212)
Cash and cash equivalents at beginning of year			29,867		37,066
Cash and cash equivalents at end of year			33,935		29,854
Relating to:					
Cash at bank and in hand			33,935		29,867
Bank overdrafts included in creditors payable within one year			-		(13)

1 Accounting policies

Company information

Investors in Private Capital Limited ("the company") is a limited company domiciled and incorporated in England and Wales. The registered office is 73 Cornhill, London, EC3V 3QQ.

The group consists of Investors in Private Capital Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These group and company financial statements for the year ended 31 March 2016 are the first financial statements of Investors in Private Capital Limited and the group prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements for the preceding period were prepared in accordance with previous UK GAAP. The date of transition to FRS 102 was 1 April 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 31.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £6,051K (2015: £1,529K).

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Investors in Private Capital Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1 Accounting policies **(Continued)**

The group profit and loss account and statement of cash flows also include the results and cash flows of Metrus, Inc and Mitsi Holdings, LLC and subsidiaries for the 9 month period to 31 December 2015, the date of its sale outside the group.

1.3 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.

1.4 Turnover

Turnover represents rents receivable from investment properties and income from public house operating activities. Rent demands are sent to tenants quarterly in accordance with the rental agreements and rents are recognised on an accruals basis.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	50% straight line method
Fixtures, fittings & equipment	20% straight line method
Computer equipment	33.33% staight line method

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 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 the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

1 Accounting policies **(Continued)**

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

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

1 Accounting policies **(Continued)**

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash and cash equivalents

Cash and cash equivalents 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.

1.12 Financial instruments

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

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

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

Basic financial assets

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

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 profit or loss.

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 profit or loss.

1 Accounting policies **(Continued)**

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts 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.

Derecognition of financial liabilities

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

1.13 Equity instruments

Equity instruments issued by the group 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 group.

1.14 Taxation

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

Current tax

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

1 Accounting policies **(Continued)**

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.17 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.

1.18 Capital instruments

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

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2016 £'000	2015 £'000
Turnover		
Rental and other income	94,249	63,674

	2016 £'000	2015 £'000
Other significant revenue		
Interest receivable	3,898	762

Turnover analysed by geographical market

	2016 £'000	2015 £'000
USA	64,396	32,757
United Kingdom	29,853	30,917
	94,249	63,674

4 Operating profit

	2016 £'000	2015 £'000
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	301	78
Loss/(profit) on disposal of tangible fixed assets	5	(6)
(Profit)/loss on disposal of investment property	(2,025)	337
Amortisation of intangible assets	8,336	2,779
Cost of stocks recognised as an expense	30,889	17,137
Operating lease charges	227	90

5 Auditor's remuneration

	2016 £'000	2015 £'000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the company's subsidiaries	71	70

6 Employees

The average monthly number of persons (including directors) employed by the group during the year was:

	2016 Number	2015 Number
Administration	48	51
Licensed premises operations and management	65	120
	113	171

Their aggregate remuneration comprised:

	2016 £'000	2015 £'000
Wages and salaries	1,105	1,682
Social security costs	118	150
Pension costs	104	113
	1,327	1,945

7 Directors' remuneration

	2016 £'000	2015 £'000
Directors service fees	20	-

8 Interest receivable and similar income

	2016 £'000	2015 £'000
Interest income		
Interest on bank deposits	123	216
Other interest income	3,775	546
Total interest revenue	3,898	762
Income from fixed asset investments		
Income from other fixed asset investments	-	412
Total income	3,898	1,174

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	123	216

9 Interest payable and similar charges

	2016 £'000	2015 £'000
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	9,633	9,689
Other interest on financial liabilities	4,093	6,327
	13,726	16,016
Other finance costs:		
Other interest	6,704	1,142
Total finance costs	20,430	17,158

10 Taxation

	2016 £'000	2015 £'000
Current tax		
Adjustments in respect of prior periods	1,914	(1,735)
Foreign current tax on profits for the current period	8,131	602
Total current tax	10,045	(1,133)
Deferred tax		
Origination and reversal of timing differences	(2,113)	(5,946)
Changes in tax rates	(2,062)	-
Adjustment in respect of prior periods	4,166	413
Total deferred tax	(9)	(5,533)
Total tax charge	10,036	(6,666)

10 Taxation **(Continued)**

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

	2016 £'000	2015 £'000
Profit before taxation	27,751	19,180
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 21.00%)	5,550	4,028
Tax effect of expenses that are not deductible in determining taxable profit	2,709	20
Income not assessable to taxation	-	(4,033)
Chargeable gains	834	350
Adjustments in respect of prior years	-	(1,735)
Effect of change in corporation tax rate	(2,602)	-
Group relief	(3,725)	(1,350)
Effect of revaluations of investments	(719)	-
Effect of overseas tax rates	2,318	241
Tax adjustments in respect of prior years	6,079	(1,936)
Other tax adjustments	(17)	1,273
(Profit)/loss on disposals of investment properties	(391)	76
Transition adjustments	-	(3,600)
Tax expense for the year	10,036	(6,666)

11 Intangible fixed assets

Group	Goodwill £'000
Cost	
At 1 April 2015	55,573
Disposals	(55,573)
At 31 March 2016	-
Amortisation and impairment	
At 1 April 2015	2,779
Amortisation charged for the year	8,336
Disposals	(11,115)
At 31 March 2016	-
Carrying amount	
At 31 March 2016	-
At 31 March 2015	52,794

11 Intangible fixed assets **(Continued)**

The company had no intangible fixed assets at 31 March 2016 or 31 March 2015.

12 Tangible fixed assets

Group	Plant and machinery	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000
Cost			
At 1 April 2015	2,533	1,788	4,321
Additions	1,025	-	1,025
Disposals	(3,456)	(1,770)	(5,226)
Exchange adjustments	3	2	5
At 31 March 2016	105	20	125
Depreciation and impairment			
At 1 April 2015	2,079	1,143	3,222
Depreciation charged in the year	193	108	301
Eliminated in respect of disposals	(2,169)	(1,235)	(3,404)
Exchange adjustments	2	2	4
At 31 March 2016	105	18	123
Carrying amount			
At 31 March 2016	-	2	2
At 31 March 2015	454	645	1,099

The company had no tangible fixed assets assets at 31 March 2016 or 31 March 2015.

13 Investment property

	Group 2016	Company 2016
	£'000	£'000
Fair value		
At 1 April 2015	519,832	-
Additions through external acquisition	936	-
On disposal of subsidiaries	(33,748)	-
Disposals by group	(7,583)	-
Net gains or losses through fair value adjustments	10,366	-
Foreign currency adjustments	45	-
At 31 March 2016	489,848	-

13 Investment property **(Continued)**

The directors have reviewed the investment properties held and consider their value at 31 March 2016 to reflect the open market value. This decision is made 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.

	Group 2016 £'000	2015 £'000	Company 2016 £'000	2015 £'000
Freehold	6,443,588	6,493,588	-	-
Long leasehold	721,950	721,950	-	-
	7,165,538	7,215,538	-	-

14 Fixed asset investments

	Notes	Group 2016 £'000	2015 £'000	Company 2016 £'000	2015 £'000
Investments in subsidiaries	**15**	-	-	151,700	200,229
Unlisted investments		25	25	85,348	79,955
		25	25	237,048	280,184

Movements in fixed asset investments

Group	£'000	Unlisted investments £'000	Listed investments £'000	Total £'000
Cost or valuation				
At 1 April 2015	-	25	-	25
Cost as at 1 April 2015	-	9,706	28,958	38,664
Provision for diminution in value at 1 April 2015 & 31 March 2016	-	-	(28,958)	(28,958)
Disposals	(48,529)	(4,313)	-	(52,842)
At 31 March 2016	(48,529)	5,418	-	(43,111)
Carrying amount				
At 31 March 2016	(48,529)	5,418	-	(43,111)
At 31 March 2015	-	25	-	25

14 Fixed asset investments (Continued)

Movements in fixed asset investments
Company

	Shares in group undertakings	Other investments other than loans	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 April 2015	200,229	79,955	280,184
Additions	-	9,706	9,706
Disposals	(48,529)	(4,313)	(52,842)
At 31 March 2016	151,700	85,348	237,048
Carrying amount			
At 31 March 2016	151,700	85,348	237,048
At 31 March 2015	200,229	79,955	280,184

15 Subsidiaries

Details of the company's subsidiaries at 31 March 2016 are as follows:

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held Direct	% Held Indirect
Wellington Investments Limited	England & Wales	Property management	Ordinary 'A' & 'B'	100.00	
Criterion Asset Management Limited	England & Wales	Property management	Ordinary 'A' & 'B'	100.00	
Wellington Pub Company Plc	England & Wales	Property investment	Ordinary	100.00	
Wellesley Capital Investment Limited	England & Wales	Property investment	Ordinary	100.00	
Wellesley Developments Limited	England & Wales	Property investment	Ordinary	100.00	
Marguerite Properties Limited	England & Wales	Dormant company	Ordinary	100.00	
Mary Rose Properties Limited	England & Wales	Property investment	Ordinary	100.00	
Mornington Pub Company Limited	England & Wales	Public house operation	Ordinary	100.00	
Metrus, Inc **	USA	Investment	Common stock	100.00	
MITSI Holdings, LLC and subsidairies **	USA	Storage of commodities	Common stock		100.00
Gianfar Limited	England & Wales	Provision of meeting rooms, offices and private members club	Ordinary	100.00	

15 Subsidiaries (Continued)

** During the year the group sold its investment in Metrus, Inc. and the related subsidiary entities of MCEPF Metro I, Inc. and MITSI Holdings, LLC. These entities are corporations organised under the laws of the state of Delaware, USA. See note 28.

16 Financial instruments

	Group 2016 £'000	2015 £'000	Company 2016 £'000	2015 £'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	39,794	45,673	29,719	27,174
Equity instruments measured at cost less impairment	26	25	85,348	79,955
Carrying amount of financial liabilities				
Measured at amortised cost	376,911	510,607	339,459	385,354

17 Stocks

	Group 2016 £'000	2015 £'000	Company 2016 £'000	2015 £'000
Finished goods and goods for resale	-	31	-	-

18 Debtors

Amounts falling due within one year:	Group 2016 £'000	2015 £'000	Company 2016 £'000	2015 £'000
Trade debtors	4,511	12,141	1	5
Amount due from related undertakings	34,650	30,757	29,719	27,169
Other debtors	699	2,939	66	1
Prepayments and accrued income	1,714	21,072	950	475
	41,574	66,909	30,736	27,650
Amounts falling due after more than one year:				
Deferred tax asset (note 23)	7	-	-	-
Total debtors	41,581	66,909	30,736	27,650

19 Creditors: amounts falling due within one year

		Group		Company	
		2016	2015	2016	2015
	Notes	£'000	£'000	£'000	£'000
Debenture loans	20	7,611	7,251	-	-
Current installment due on bonds and other borrowings	20	-	31,630	-	-
Trade creditors		2,791	2,922	1,016	690
Amounts due to related undertakings		-	11,452	14,410	22,653
Other taxation and social security		1,154	1,217	-	-
Other creditors		12,210	2,312	8,713	-
Accruals and deferred income		8,175	17,324	150	280
		31,941	74,108	24,289	23,623

20 Loans and overdrafts

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Class A secured fixed rate bonds at 6.735%	47,867	67,224	-	-
Class B secured fixed rate bonds at 7.335%	4,866	5,220		
Less: Unamortised issue cost	(3,323)	(3,461)		
Other borrowings	315,171	309,409	315,170	313,202
Other loans	-	93,996	-	48,529
	364,581	472,388	315,170	361,731
Payable within one year	7,611	38,866	-	-
Payable after one year	356,970	433,522	315,170	361,731

20 Loans and overdrafts (Continued)

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

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

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

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

During the period, the issuer repaid £5,212,000 (2015: £4,875,000) of the Class A secured fixed rate bonds and £2,040,000 (2015: £2,040,000) of the Class B secured fixed rate bonds.

The loan is secured on certain of the group's investment properties.

21 Creditors: amounts falling due after more than one year

		Group		Company	
		2016	2015	2016	2015
	Notes	£'000	£'000	£'000	£'000
Debenture loans	20	41,799	61,373	-	-
Other borrowings	20	315,171	372,149	315,170	361,731
Accruals and deferred income		-	2,977	-	-
		356,970	436,499	315,170	361,731

22 Provisions for liabilities

		Group		Company	
		2016	2015	2016	2015
		£'000	£'000	£'000	£'000
Deferred tax liabilities	23	25,121	26,306	-	-

23 Deferred taxation

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

Group	Liabilities 2016 £'000	Liabilities 2015 £'000	Assets 2016 £'000	Assets 2015 £'000
Accelerated capital allowances	7,888	8,673	7	-
Revaluations	17,233	17,633	-	-
	25,121	26,306	7	-

The company has no deferred tax assets or liabilities.

24 Retirement benefit schemes

Defined contribution schemes	2016 £'000	2015 £'000
Charge to profit or loss in respect of defined contribution schemes	104	113

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

25 Share capital

	Group and company	
Ordinary share capital	2016 £'000	2015 £'000
Issued and fully paid		
1,000 Ordinary of £1 each	1	1

26 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for leased Motor vehicles. Leases are negotiated for an average term of 3 years and rentals are fixed for an average of 3 years with no defined option to extend the lease.

27 Related party transactions

The group has taken advantage of the exemption available in FRS102 section 33.1A "Related Party Disclosures" whereby it has not disclosed transactions with any wholly owned subsidiary undertaking or fellow subsidiary undertakings.

At the year end the parent company owes a related entity, TFB (Mortgages) Designated Activity Company, loans of £315m (2015: £312m). The interest payable on this loan amounted to £9.6m (2015: £8.1m).

Reuben Foundation, a charity in which one of the ultimate beneficial owners of the group is a Trustee, owns £3.3m (2015: £3.7m) worth of the group's bonds. During the year interest to the value of £220k (2015: £300k) was paid to the charity.

During the year Wellington Pub Company Plc, a subsidiary undertaking of the group, sold a property to Brookset 14 Limited, a company under common control, for sales proceeds of £250k, being the market value.

28 Disposals

On 31 December 2015 the group disposed of its 100% holding in Metrus, Inc. and its subsidiaries. Included in these financial statements are profits of circa. £11.3m arising from the company's interests in Metrus, Inc. and its subsidiaries during the period up to the date of its disposal.

	£'000
Net assets at disposal	27,631
Loss on disposal	(12,694)
Total consideration	14,937

The consideration was satisfied by:	£'000
Issue of loan from related undertakings	14,937

29 Controlling party

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

30 Cash generated from group operations

	2016 £'000	2015 £'000
Profit for the year after tax	17,715	25,847
Adjustments for:		
Taxation charged/(credited)	10,036	(6,666)
Finance costs	20,430	17,158
Investment income	(3,898)	(1,174)
Loss on disposal of tangible fixed assets	5	331
Gain on disposal of investment property	(2,025)	(152)
Amortisation of loan issue costs	136	-
Fair value gains and losses on foreign exchange contracts and investment properties	(10,366)	-
Amortisation and impairment of intangible assets	-	2,779
Depreciation and impairment of tangible fixed assets	301	361
Impairment of investment properties	-	271
Effect of foreign exchange translation of subsidiary	(355)	3,907
Loss/(gain) on disposal of subsidiary undertakings	14,829	(5,978)
Movements in working capital:		
Decrease in stocks	31	7
Decrease/(increase) in debtors	26,000	(26,574)
(Decrease)/increase in creditors	(12,990)	29,532
Cash generated from operations	59,849	39,649

31 Reconciliations on adoption of FRS 102

Reconciliation of equity - group

		At 1 April 2014			At 31 March 2015			
		Previous UK GAAP	Effect of transition	FRS 102	Previous UK GAAP	Prior year adjustment	Effect of transition	FRS 102
	Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fixed assets								
Goodwill		-	-	-	52,794	-	-	52,794
Tangible assets		113	-	113	1,099	-	-	1,099
Investment properties	(ii)	510,433	327	510,760	519,493	(6,634)	6,973	519,832
Investments		25	-	25	25	-	-	25
		510,571	327	510,898	573,411	(6,634)	6,973	573,750
Current assets								
Stocks		72	-	72	31	-	-	31
Debtors		9,050	-	9,050	66,909	-	-	66,909
Bank and cash		37,469	-	37,469	29,867	-	-	29,867
		46,591	-	46,591	96,807	-	-	96,807
Creditors due within one year								
Loans and overdrafts		(7,318)	-	(7,318)	(38,880)	-	-	(38,880)
Taxation		(2,022)	-	(2,022)	(1,218)	-	-	(1,218)
Other creditors		(16,212)	-	(16,212)	(32,486)	15,476	(17,000)	(34,010)
		(25,552)	-	(25,552)	(72,584)	15,476	(17,000)	(74,108)
Net current assets		21,039	-	21,039	24,223	15,476	(17,000)	22,699
Total assets less current liabilities		531,610	327	531,937	597,634	8,842	(10,027)	596,449
Creditors due after one year								
Loans and overdrafts		(395,197)	-	(395,197)	(435,046)	1,524	-	(433,522)
Other creditors		-	-	-	(2,977)	-	-	(2,977)
		(395,197)	-	(395,197)	(438,023)	1,524	-	(436,499)
Provisions for liabilities								
Deferred tax	(iii)	(10,339)	(21,500)	(31,839)	(8,673)	534	(18,167)	(26,306)
Net assets		126,074	(21,173)	104,901	150,938	10,900	(28,194)	133,644

31 Reconciliations on adoption of FRS 102 (Continued)

		At 1 April 2014			At 31 March 2015			
		Previous UK GAAP	Effect of transition	FRS 102	Previous UK GAAP	Prior year adjustment	Effect of transition	FRS 102
	Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital and reserves								
Share capital		1	-	1	1	-	-	1
Revaluation reserve	(i)	37,563	(37,563)	-	34,023	-	(34,023)	-
Profit and loss		88,510	16,390	104,900	116,914	10,633	6,096	133,643
Total equity		126,074	(21,173)	104,901	150,938	10,633	(27,927)	133,644

Reconciliation of group profit for the financial period

		Year ended 31 March 2015			
		Previous UK GAAP	Prior year adjustment	Effect of transition	FRS 102
	Notes	£'000	£'000	£'000	£'000
Turnover		63,674	-	-	63,674
Cost of sales		(17,137)	-	-	(17,137)
Gross loss		46,537	-	-	46,537
Administrative expenses	(ii)	(17,550)	(10,366)	10,378	(17,538)
Other operating income		187	-	-	187
Operating loss		29,174	(10,366)	10,378	29,186
Income from other fixed asset investments		412	-	-	412
Interest receivable and similar income		762	-	-	762
Interest payable and similar charges		(17,158)	-	-	(17,158)
Amounts written off investments		5,978	-	-	5,978
Profit before taxation		19,168	(10,366)	10,378	19,180
Taxation	(iii)	2,799	(534)	4,401	6,666
Profit for the financial period		21,967	(10,900)	14,779	25,846

31 Reconciliations on adoption of FRS 102 **(Continued)**

Notes to reconciliations on adoption of FRS 102 - group

(i) Investments property revaluation
Under previous UK GAAP the group held credit balances in respect of revalued investment properties in a separate revaluation reserve. On transition to FRS102, changes in the fair value of investment properties are reflected in the statement of comprehensive income and cumulative amounts in respect of revaluations are held in the profit and loss reserve.

(ii) Leasehold investment properties
Under previous UK GAAP, the company's policy was to depreciate leasehold investment properties where the remaining lease term was less than 20 years. Under new UK GAAP, where the value of the group's interest in such properties can be measured reliably, these properties are held at fair value. Accordingly, on transition, the depreciation that had previously been provided for on these properties was reversed and the properties were restated to their fair value.

(iii) Deferred tax
Under previous UK GAAP, the group was not required to provide for deferred taxation on the re-valued element of investment property fair values. Under FRS 102, deferred taxation is provided on the temporary timing difference arising from the revaluation. A deferred tax liability of £21,500,000 arose on transition to FRS102 in this regard. In the year ended 31 March 2015 the liability reduced resulting in a deferred tax credit of £3,600,000.