REGISTERED NUMBER: 05204672

INVESTORS IN PRIVATE CAPITAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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FOR THE YEAR ENDED 31 MARCH 2019

COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2019

Directors:	J A Reuben M R Turner S A J Nahum E M Sawyer
Registered office:	73 Cornhill London EC3V 3QQ
Registered number:	05204672
Auditors:	Gerald Edelman 73 Cornhill London EC3V 3QQ

The directors present their strategic report of the company and the group for the year ended 31 March 2019.

Review of business
The group continues to maintain its market position despite continuing challenges in the industry following the global economic slowdown and regulatory changes. The group continues to drive rental uplifts at rent review anniversaries and lease renewals, which 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 group 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 gain of approximately £700k (2018: £584k loss). During the year the group acquired a total of 16 public houses that are aligned with its strategic objectives at a cost of £21m.

On 6 December 2018 Investors in Private Capital Limited acquired Boostmarket Limited for a consideration of £36.6m.

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

Financial risks and associated risk management objectives and policies
The group is exposed to market risk in the form of financial risk, commercial risk and credit risk. The risk management policies employed by the group to manage these risks are discussed below:

Financial risk
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.

Commercial risk
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 the 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.

Credit risk
The group has long term financing in place with its bonds and as such, the banking risks are minimal for the group.

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

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

Debt management
The group reviews its trade debt position on a weekly and monthly basis to effectively manage the credit risk and have installed a number of debt collection metrics. For the year ended 31 March 2019, trade debt was £3.4m, £0.4m lower than last year (2018: £3.8m).

Rental yields
The group uses rental yield as a measurement to inidicate the rate of return from the investment portfolio. Rental yield is based on consolidated rental income expressed as a percentage over the investment property values as disclosed in the financial statements. The rental yield of 6.6% for the year has increased by 0.2% (2018: 6.4%).

Turnover
The group also uses revenue growth to measure the performance. This is driven by rent reviews, stepped rents and RPI (Retail Price Index) increases and is negotiated by our experienced property managers. Turnover for the year has increased by 5.8% to £31.1m from last year (2018: £29.4m).

Profit on ordinary activities before taxation
Profit on ordinary activities before taxation decreased to £10.5m from £11.7m in 2018.

Cash generated from operations
Cash generated from operations in the year was £24.4m. This is a £0.2m increase on the 2018 value of £24.2m.

Net assets
Net assets have increased in the year by £9m (£168m for 2019, £159m for 2018) following the acquisition of 16 public houses and 11 disposals during the year.

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:

Sawyer

E M Sawyer - Director

Date: 20/12/2019

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

Principal activity
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 and property investment.

Dividends
No dividends will be distributed for the year ended 31 March 2019.

Directors
The directors shown below have held office during the year to the date of this report.

J A Reuben	
M R Turner	
S A J Nahum	
P C O'Driscoll	(resigned 25 September 2018)
E M Sawyer	(appointed 25 September 2018)

Results and dividends
The results for the year are set out on page 10.

The directors do not recommend payment of an ordinary dividend.

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

Statement of directors' responsibilities
The directors are responsible for preparing the Group Strategic Report, 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 the group 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 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 group'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 group's auditors 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 2019.

On behalf of the board:

Sawyer
....
E M Sawyer - Director

Date: 20/12/2019

Opinion
We have audited the financial statements of Investors in Private Capital Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows and Notes to the Consolidated 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 Financial Reporting Standard 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 group's and of the parent company affairs as at 31 March 2019 and of the group's 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 Auditors' responsibilities for the audit of the 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 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.

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 group'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 in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 the audit:
- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Hiten Patel

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

Date: 20/12/2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £'000	2018 £'000
Turnover	3	31,125	29,379
Administrative expenses		(9,983)	(7,530)
		21,142	21,849
Other operating income	4	573	604
Operating profit	6	21,715	22,453
Profit/(loss) on sale of investment properties		700	(584)
		22,415	21,869
Interest receivable and similar income	8	4,351	4,803
		26,766	26,672
Interest payable and similar expenses	9	(16,277)	(14,995)
Profit before taxation		10,489	11,677
Tax on profit	10	(2,155)	115
Profit for the financial year		8,334	11,792
Other comprehensive income		-	-
Total comprehensive income for the year		8,334	11,792

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

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

CONSOLIDATED BALANCE SHEET
31 MARCH 2019

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Fixed assets					
Intangible assets	12		(781)		-
Tangible assets	13		10		4
Investments	14		25		25
Investment property	15		469,352		455,399
			468,606		455,428
Current assets					
Debtors	17	6,034		10,996	
Cash at bank		65,434		38,246	
		71,468		49,242	
Creditors					
Amounts falling due within one year	18	(32,349)		(34,435)	
Net current assets			39,119		14,807
Total assets less current liabilities			507,725		470,235
Creditors					
Amounts falling due after more than one year	19		(320,724)		(290,868)
Provisions for liabilities	22		(19,228)		(19,928)
Net assets			167,773		159,439
Capital and reserves					
Called up share capital	25		1		1
Retained earnings			167,772		159,438
			167,773		159,439

The financial statements were approved by the Board of Directors on 20/12/2019 and were signed on its behalf by:

E M Sawyer

E M Sawyer - Director

COMPANY BALANCE SHEET
31 MARCH 2019

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Fixed assets					
Investments	14		247,691		215,447
			247,691		215,447
Current assets					
Debtors	17	8,573		929	
Cash at bank		823		85	
		9,396		1,014	
Creditors					
Amounts falling due within one year	18	(13,740)		(22,617)	
Net current liabilities			(4,344)		(21,603)
Total assets less current liabilities			243,347		193,844
Creditors					
Amounts falling due after more than one year	19		(277,609)		(243,604)
Net liabilities			(34,262)		(49,760)
Capital and reserves					
Called up share capital	25		1		1
Retained earnings			(34,263)		(49,761)
			(34,262)		(49,760)

The financial statements were approved by the Board of Directors on 20/12/2019 and were signed on its behalf by:

E M Sawyer - Director

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

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2017	1	147,646	147,647
Changes in equity			
Total comprehensive income	-	11,792	11,792
Balance at 31 March 2018	1	159,438	159,439
Changes in equity			
Total comprehensive income	-	8,334	8,334
Balance at 31 March 2019	1	167,772	167,773

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

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2017	1	(57,986)	(57,985)
Changes in equity			
Total comprehensive income	-	8,225	8,225
Balance at 31 March 2018	1	(49,761)	(49,760)
Changes in equity			
Total comprehensive income	-	15,498	15,498
Balance at 31 March 2019	1	(34,263)	(34,262)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Cash generated from operations	1	24,590	24,156
Interest paid		(16,277)	(14,995)
Tax paid		(3,300)	(1,650)
Net cash from operating activities		5,013	7,511
Cash flows from investing activities			
Purchase of tangible fixed assets		(19)	(4)
Purchase of investment property		(21,022)	(175)
Sale of investment property		7,769	3,048
Acquisition of new subsidiary		(36,806)	-
Cash acquired with acquisition		37,607	-
Interest received		4,351	4,803
Net cash from investing activities		(8,120)	7,672
Cash flows from financing activities			
Increase/(repayment) of debentures		136	(1,281)
Repayment of borrowings		(6,441)	(15,051)
Increase of bank loans		36,600	9,738
Net cash from financing activities		30,295	(6,594)
Increase in cash and cash equivalents		27,188	8,589
Cash and cash equivalents at beginning of year	2	38,246	29,657
Cash and cash equivalents at end of year	2	65,434	38,246

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

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

	2019 £'000	2018 £'000
Profit before taxation	10,489	11,677
Depreciation charges	13	3
(Profit)/loss on disposal of fixed assets	(700)	584
Amortisation of goodwill	(20)	-
Finance costs	16,277	14,995
Finance income	(4,351)	(4,803)
	21,708	22,456
Decrease in trade and other debtors	4,962	2,533
Decrease in trade and other creditors	(2,080)	(833)
Cash generated from operations	24,590	24,156

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 Balance Sheet amounts:

Year ended 31 March 2019

	2019 £'000	2018 £'000
Cash and cash equivalents	65,434	38,246

Year ended 31 March 2018

	2018 £'000	2017 £'000
Cash and cash equivalents	38,246	29,657

1. **Statutory information**
Investors in Private Capital Limited ("the company") is a limited company incorporated in England & Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **Accounting policies**

2.1 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 and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

As permitted by s408 of the 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 £15,498k (2018: £8,225k).

2.2 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 (i.e. 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 2019. 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.

2.3 Going concern
At the time of approving the financial statements, the directors have a reasonable expectation that the company and the group have 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.

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

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

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

Plant and machinery	50% straight line method
Fixtures, fittings & equipment	20% straight 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 statement of comprehensive income.

2.6 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.

2.7 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.

2.8 Impairment of fixed assets
At each reporting period end date, the group reviewed the carrying amounts of its tangible assets to determine where there is any indication that those assets have suffered an impairment loss. If 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 that would have been determined had no impairment loss been 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.

2.9 Business combinations and goodwill arising thereon.
The group applies the acquisition method of accounting to account for business combinations in accordance with IFRS 3, "Business Combinations".

The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, equity instruments issued and liabilities incurred or assumed in exchange for control of the acquiree. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on the acquisition of subsidiaries is included in Intangible fixed assets. Negative goodwill arises when the consideration paid is less than the fair value of its net identifiable assets of the acquired subsidiary.

Any goodwill recognised in the event of a business combination, including negative goodwill, is amortised over its estimated useful life of ten years.

2.10 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.

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

Financial instruments are recognised in the group'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.

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 assets original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

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

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

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

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

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

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

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

2.12 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.

2.13 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 group'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 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 the 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 achievable 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, I 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.

2.14 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.

2.15 Retirement benefits
Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2.16 Leases
Rentals payable under operating leases, including any lease incentives received, are charged to profit and loss 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.

2.17 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.

2.18 Critical accounting 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.

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

Investment properties
The group'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.

Amortisation
Any goodwill recognised in the event of a business combination, including negative goodwill, is amortised over its estimated useful life.

2.19 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. For details of directors remuneration refer to Note 5.

3. Turnover

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

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

	2019 £'000	2018 £'000
Rental and other income	31,125	29,379

4. Other operating income

	2019 £'000	2018 £'000
Other operating income	573	604

5. Employees and directors

	2019 £'000	2018 £'000
Wages and salaries	1,032	1,072
Social security costs	126	122
Other pension costs	95	98
	1,253	1,292

The average number of employees (full-time equivalent including directors)

	2019	2018
	24	23

	2019 £'000	2018 £'000
Directors' remuneration		
Directors' service fees	25	25

6. Operating profit

The operating profit is stated after charging/(crediting):

	2019 £'000	2018 £'000
Operating lease charges	230	216
Depreciation - owned assets	13	3
Goodwill amortisation	(20)	-
Auditors' remuneration (**note 7**)	65	65

7. Auditors' remuneration

	2019 £'000	2018 £'000
For audit services		
Audit of the company's subsidiaries	55	55
For other services		
Taxation compliance services	10	10

8. Interest receivable and similar income

	2019 £'000	2018 £'000
Interest on bank deposits	72	20
Other interest income	4,279	4,783
	4,351	4,803

9. Interest payable and similar expenses

	2019 £'000	2018 £'000
Interest on bank overdrafts and loans	8,252	7,235
Interest on financial liabilities	8,025	7,760
	16,277	14,995

10. Taxation

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

	2019 £'000	2018 £'000
Current tax:		
UK corporation tax	2,856	2,971
Deferred tax		
Origination and reversal of timing differences	(701)	(3,150)
Changes in tax rates	-	64
Tax on profit	2,155	(115)

UK corporation tax was charged at 19% in 2019 (2018 – 19%).

Reconciliation of total tax charge/(credit) included in profit and loss
The tax assessed for the year is the same as the standard rate of corporation tax in the UK.

	2019 £'000	2018 £'000
Profit before tax	10,489	11,677
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	1,993	2,219
Effects of:		
Expenses not deductible for tax purposes	3,819	2,145
Income not taxable for tax purposes	(3,381)	(1,996)
Effect of change in corporation tax rate	-	64
Effect of revaluations and indexation of investments	59	(2,658)
(Profit)/loss on disposal of investment properties	(335)	111
Total tax charge/(credit)	2,155	(115)

11. **Acquisition of a business**

On the 6th December 2018, the group acquired Boostmarket Limited for a total consideration of £36,806,334. The net identifiable assets amounted to £37,607,280 giving rise to negative goodwill of £800,946 which is being amortised over a period of 10 years. Boostmarket Limited is a 100% subsidiary of the group.

	Fair value £'000
Total identifiable net assets	37,607
Goodwill **(note 12)**	(801)
Total consideration	36,806

12. **Intangible fixed assets**

Group

	Negative goodwill £'000
Cost	
Additions	(801)
At 31 March 2019	(801)
Amortisation	
Amortisation for year	20
At 31 March 2019	20
Net book value	
At 31 March 2019	(781)
At 31 March 2018	-

The company had no intangible fixed assets as at 31 March 2019 or 31 March 2018.

13. Tangible fixed assets

Group

	Plant and machinery £'000	Fixtures and fittings £'000	Totals £'000
Cost			
At 1 April 2018	114	20	134
Additions	19	-	19
At 31 March 2019	133	20	153
Depreciation			
At 1 April 2018	110	20	130
Charge for year	13	-	13
At 31 March 2019	123	20	143
Net book value			
At 31 March 2019	10	-	10
At 31 March 2018	4	-	4

The company had no tangible fixed assets as at 31 March 2019 or 31 March 2018.

14. Fixed asset investments

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Investment in subsidiaries	-	-	188,506	151,700
Unlisted investments	25	25	59,185	63,747
	25	25	247,691	215,447

The unlisted investment balance of £59.1m (2018: £63.7m) in the company relates to the investment in Wellington Pub Company Plc 'A' and 'B' bonds.

Included within Investment in Subsidiaries is the £36.8m acquisition of Boostmarket Limited.

14. **Fixed asset investments (continued)**

Group

	Unlisted investments £'000	Listed investments £'000	Totals £'000
Cost			
At 1 April 2018 & 31 March 2019	25	-	25
Carrying amount			
At 31 March 2019	25	-	25
At 31 March 2018	25	-	25

Company

	Investments in subsidaries £'000	Unlisted investments £'000	Totals £'000
Cost			
At 1 April 2018	151,700	63,747	215,447
Additions	36,806	-	36,806
Disposals	-	(4,562)	(4,562)
At 31 March 2019	188,506	59,185	247,691
Net book value			
At 31 March 2019	188,506	59,185	247,691
At 31 March 2018	151,700	63,747	215,447

Subsidiaries

Details of the company's subsidiaries at 31 March 2019 are as follows:

Name of undertaking	Registered Office	Nature of business	Class of of shares held	% Held Direct
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
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	Non-trading	Ordinary	100.00
Boostmarket Limited	England & Wales	Non-trading	Ordinary	100.00

15. Investment property

Group

	Total £'000
Fair value	
At 1 April 2018	455,399
Additions	21,022
Disposals	(7,069)
At 31 March 2019	469,352
Net book value	
At 31 March 2019	469,352
At 31 March 2018	455,399

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

The company had no investment properties as at 31 March 2019 or 31 March 2018.

16. Financial instruments

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	4,461	9,633	7,724	929
Equity instruments measured at cost less impairment	25	25	59,185	63,747
Carrying amount of financial liabilities				
Measured at amortised cost	342,530	315,600	291,080	226,220

17. Debtors

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Amounts falling due within one year:				
Trade debtors	3,356	3,797	-	-
Amounts owed by associated undertakings	605	3,996	7,706	23
Other debtors	496	1,840	18	11
VAT	11	-	11	-
Prepayments and accrued income	1,559	1,358	838	895
	6,027	10,991	8,573	929
Amounts falling due after more than one year:				
Deferred Tax	7	5	-	-
Aggregate amounts	6,034	10,996	8,573	929

18. Creditors: amounts falling due within one year

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Bank loans and overdrafts (**note 19**)	8,847	8,407	-	-
Trade creditors	1,000	2,780	-	1
Amounts owed to associated undertakings	8,134	9,616	13,332	22,391
Corporation Tax	876	1,320	-	-
Social security and other taxes	1,889	1,225	-	-
Other creditors	3,828	3,929	150	150
Accruals and deferred income	7,775	7,158	258	75
	32,349	34,435	13,740	22,617

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

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Debenture loans **(note 20)**	43,115	47,264	-	-
Other loans **(note 20)**	277,609	243,604	277,609	243,604
	320,724	290,868	277,609	243,604

20. Loans

An analysis of the maturity of loans is given below:

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Class A secured fixed rate bonds at 6.735%	51,342	54,833	-	-
Class B secured fixed rate bonds at 7.335%	3,540	3,894	-	-
Less: Unamortised issue costs	(2,920)	(3,056)	-	-
Other borrowings	277,609	243,604	277,609	243,604
	329,571	299,275	277,609	243,604
Payable within one year	8,847	8,407	-	-
Payable after one year	320,724	290,868	277,609	243,604

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.

During the year, the company repaid £6,367,000 (2018: £5,956,000) of the Class A secured fixed rate bonds and £2,040,000 (2018: £2,040,000) of the Class B secured fixed rate bonds.

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

21. Operating lease commitments

Lessee
Operating lease payments represent rentals payable by the company for leased motor vehicles. Motor 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.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Within one year	68,573	72,836	-	-
Between two and five years	36,652	43,062	-	-
	105,225	115,898	-	-

21. Operating lease commitments (continued)

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

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

22. Provisions for liabilities

Group

	2019	2018
	£'000	£'000
Deferred tax liabilities (**note 23**)	19,228	19,928

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		Assets	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Accelerated capital allowances	7,310	7,280	7	5
Revaluations	11,918	12,648	-	-
	19,228	19,928	7	5

The company has no deferred tax assets or liabilities.

24. Retirement benefit schemes

Defined contribution schemes

	2019	2018
	£'000	£'000
Charge to profit or loss in respect of defined contribution schemes	94	98

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

25. Called up share capital

	Group and company	
	2019	2018
	£'000	£'000
Ordinary share capital		
Issued and fully paid		
1,000 Ordinary of £1 each	1	1

26. Related party disclosures

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 TFB (Mortgages) Designated Activity Company, a company under common control, loans of £278m (2018: £244m). Interest payable on this loan amounted to £8.2m (2018: £7.2m).

Included within the amounts due from associated undertakings is £605,000 (2018: £605,000) due to Wellington Investments Ltd, £nil (2018: £481,000) due to Wellington Pub Company Plc and £nil (2018: £2.8m) due to Wellesley Capital Investments from Aldersgate Investments Limited, a company under common control.

Included within the amounts due to associated undertakings is £8.1m (2018: £9.5m) due from Investors in Private Capital Limited to Aldersgate Investments Limited.

27. Parent company and controlling party

The ultimate parent undertaking is Omaha Business Holdings Corp., a company registered in the British Virgin Islands at 2nd Floor, O'Neal Marketing Associates Building, PO Box 3174, Wickham's Cay II, Road Town, Tortola, BVI.