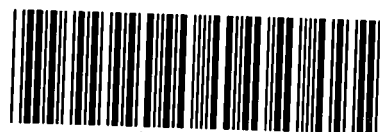


INVESTORS IN PRIVATE CAPITAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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INVESTORS IN PRIVATE CAPITAL LIMITED
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FOR THE YEAR ENDED 31 DECEMBER 2021

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INVESTORS IN PRIVATE CAPITAL LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021**

| | |
|---------------------------|--|
| Directors: | J A Reuben S A J Nahum E M Sawyer |
| Registered office: | 73 Cornhill London EC3V 3QQ |
| Business address: | 4 th Floor Millbank Tower 21-24 Millbank London SW1P 4QP |
| Registered number: | 05204672 |
| Auditors: | Gerald Edelman LLP 73 Cornhill London EC3V 3QQ |

INVESTORS IN PRIVATE CAPITAL LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Review of business

The group's revenue is derived from the management of leased properties, which are predominantly public houses. Group revenue increased by £2.6m to £23.2m (2020: £20.6m), inclusive of tenant support packages.

The support packages offered to tenants are a direct result of the COVID-19 pandemic and in the form of rent concessions that fall within the 2020 and 2021 nationwide lockdown periods. Rent concessions offset against turnover for the year total £8.5m (2020: £3m).

Gross rental income for the year was therefore £31.7m, compared with a 12-month comparative year of £32.6m

Operating profit for the year was £49.8m (2020: £16.4m). Operating profit is inclusive of a £33.2m gain on revaluation of the investment portfolio (2020: £2.6m). The full results for the group are shown in the Consolidated Statement of Comprehensive Income on page 13.

During the year, in accordance with the group's disposals strategy, 17 pubs were disposed of generating a net gain of approximately £334k (2020: £1.6m loss).

Development and performance

The group lets premises to customers on normal credit terms. Trade debtor balances are monitored on an ongoing basis and credit terms for all customers are regularly reviewed. In recent years, the company has experienced difficulties in collecting payment from its debtors and as a consequence a provision for doubtful debts has been made in the accounts. As a result of the Covid-19 pandemic a further provision has been made whilst the company assesses the full impact on its portfolio.

Promoting success of the group

The directors have continued to invest in development of the group's property portfolio to ensure it continues to bring in revenue, within the period additions to investment property totalled £16.2m (2020: £12.7m). Where a pub becomes vacant, an assessment is made of the site with a view to obtaining the optimum shareholder return either through the generation of rental income or capital appreciation. The company undertakes a comprehensive review including an assessment of alternative use or disposal, if deemed appropriate. There are a small number of sites in the portfolio that were considered within this framework in the year, some of which have received planning permission and others that were disposed of where an appropriate offer was received.

To maintain business relationships with tenants who lease premises on normal credit terms, where they had difficulties paying debts caused by the Covid 19 pandemic, the group offered various support to assist during the shutdown of the hospitality sector.

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

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

INVESTORS IN PRIVATE CAPITAL LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Key performance indicators

The group sees the capital appreciation of its investment properties and rental income as their key performance indicators (KPIs). These KPIs allow the group to monitor the performance of its financial model as well as its wider responsibilities to its shareholders. For the period ended 31 December 2021, investment properties were valued at £598m (2020: £558m) and the rental income was £23.2m, which is £2.6m higher than last year (2020: £20.6m). The increase in revenue is due to a reduced reporting period of 9 months (31 December 2020).

The group reviews its trade debtor position on a weekly and monthly basis to effectively manage the credit risk and have installed a number of debt collection metrics. For the period ended 31 December 2021, trade debt was £6.9m which is a reduction of £5.3m to last year (31 December 2020: £12.2m).

The group uses rental yield as a measurement to indicate the rate of return from the investment portfolio. Rental yield is based on consolidated rental income expressed as a percentage over the investment property values as disclosed in the financial statements.

The rental yield of 5.29%, excluding rent concessions, is marginally lower than last year's yield of 5.86% based on a 12-month adjusted gross rental income.

During the year there has been a decrease of £11m in cash and cash equivalents (31 December 2020: £15m decline). The decrease is mainly attributable to the continued investment of £16.2m of development expenditure that will create value in the long-term.

Financial risks and associated risk management objectives and policies

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

Credit risk

The group operates in a competitive market and there is a continuing risk that the group could lose its tenants due to another economic downturn, however, the group is not reliant on any single customer. In order to manage its credit risk, the covenant strength of potential tenants is assessed on a case by case basis and, as a standard policy, security is obtained in the form of a rental deposit or guarantee. Existing tenants are reviewed on a regular basis to monitor payment and trading patterns.

Interest rate risk

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

Foreign exchange risk

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

INVESTORS IN PRIVATE CAPITAL LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Our people

Our people are central to our aim of being the UK's 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.

Covid-19 impact on the group

In light of the Covid-19 pandemic throughout the United Kingdom and the rest of the world, and the likely expected level of economic disruption that it will cause, the directors have considered the impact this will have on the group's future prospects.

The group's revenue is derived from the management of leased properties, which are predominantly public houses. The shutdown of the hospitality sector throughout the United Kingdom, for the period from March to July 2020 and in November 2020, has had a significant impact on the group's performance. The group has offered support to its tenants, resulting in a decrease in overall revenue compared to prior years.

As at 31 December 2021, the group held significant cash which amounted to £34.5m and a strong net asset position.

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. There are appropriate environmental policies and waste disposal contracts in place. Where appropriate, subsidiaries participate in the Energy Savings Opportunity Scheme (ESOS).

On behalf of the board:

E M Sawyer - Director

Date: 

INVESTORS IN PRIVATE CAPITAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2021.

Principal activity

The principal activity of the group in the year under review was that of managing leased properties and property investment.

Dividends

No dividends will be distributed for the year ended 31 December 2021.

Directors

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

J A Reuben
S A J Nahum
E M Sawyer

Other changes in directors holding office are:

M R Turner - resigned 6 October 2022

Political donations and expenditure

During the year, the Company made political donations for the sum of £125,000 (2020: £Nil).

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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.

Going concern

The financial statements have been prepared on the going concern basis, which the Directors believe to be appropriate for the following reasons.

Having reviewed the group's financial forecasts and expected future cash flows, the directors have a reasonable expectation that the group has adequate resources available to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of approval of these financial statements.

INVESTORS IN PRIVATE CAPITAL LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors are monitoring developments relating to coronavirus regularly and are coordinating its operational response, as set out in the paragraph entitled 'Risk of the Covid-19 pandemic on the group' in the Strategic Report, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

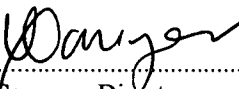
Statement as to disclosure of information to auditors

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.

Auditors

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

On behalf of the board:


.....
E M Sawyer - Director

Date: 7/12/2022
.....

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF INVESTORS IN PRIVATE CAPITAL LIMITED

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 December 2021 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 Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 December 2021 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.

Our application of materiality

Materiality for the group has been calculated at 1% of the group's gross assets. The reason for calculating materiality on the parameter of gross assets is that the group is primarily asset based with significant investment properties and turnover is based on investment properties being rented. We have used lower percentages to calculate materiality due to external stake-holder interest a group company has bonds listed on London Stock Exchange. Therefore, to follow a risk based approach and considering the various other risk factors we have considered the materiality level as appropriate

Key audit matters

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF INVESTORS IN PRIVATE CAPITAL LIMITED

Valuation, ownership & existence of the investment properties

Risk

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

Our responses

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

- To confirm the ownership, we have checked on a sample basis the title deeds from the UK Land Registry to ensure that the properties are owned by the group.
- To confirm the existence, we have performed a search on the internet to ensure that pubs are actively operating.
- To ensure that the valuation is reasonable, we appointed an external auditor's expert who are RICS qualified and have significant experience in the leisure and hospitality property market to review and recalculate on a sample basis the valuations of property and compare these to the valuations carried out by the directors.
- The use of an audit expert does not reduce our responsibility for the opinion on valuations and we therefore audited the report which was produced by the experts by assessing the expert's competence and the inputs used to calculate the valuation. Our review provided satisfactory evidence that valuations of portfolio are in line with expectations, which gives assurance that investment properties are not materially misstated at the reporting date.

Completeness of debts

Risk

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

Our responses

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

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

Covid-19 impact on the group's going concern

Risk

The group's revenue is derived from the management of leased properties, which are predominantly public houses. Due to the impact of Covid-19 pandemic on the hospitality industry there is significant risk that the group will be unable to continue to earn the level of rentals previously generated from the management of these properties.

Our responses

We have assessed the risks by performing the following work;

- Review of the cash forecast for the next 12 months from the date of signing of the audit report and the expected impact on the cash flow and turnover.
- Performed sensitivity analysis on the cash collections from tenants and provision for potential bad debts.
- Review of the impact of pubs closure and rent incentives on the cash projections over the next 12 months.
- Review of management considerations undertaken to mitigate the impact of Covid-19 on the company financial performance.
- Performed sensitivity analysis on client's cash flow forecasts.
- Reviewed the availability of the support from the parent and fellow subsidiary

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF INVESTORS IN PRIVATE CAPITAL LIMITED

Management Override of Controls

Risk

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

Our Responses

We have assessed the risks by performing the following work;

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

Recoverability of Trade Debtors

Risk

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

Our Responses

We have assessed the risks by performing the following work;

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

Revenue Recognition

Risk

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

Our Responses

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

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

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

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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF INVESTORS IN PRIVATE CAPITAL LIMITED

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 this gives rise to a material misstatement in the financial statements themselves. 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

Materiality for the group has been calculated at 1% of the group's gross assets. The reason for calculating materiality on the parameter of gross assets is that the group is primarily asset based with significant investment properties and turnover is based on investment properties being rented. We have used lower percentages to calculate materiality due to external stakeholder interest a group company has bonds listed on London Stock Exchange. Therefore, to follow a risk based approach and considering the various other risk factors we have considered the materiality level as appropriate

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the group strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page six, 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF INVESTORS IN PRIVATE CAPITAL LIMITED

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.

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

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

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

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

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- Enquiring of management of whether they are aware of any non-compliance with laws and regulations.
- Enquiring of management whether they have knowledge of any actual, suspected or alleged fraud.
- Enquiring of management their internal controls established to mitigate risk related to fraud or non-compliance with laws and regulations.
- Discussions amongst the engagement team on how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in posting of unusual journals, possibility of reduced rent being given to relatives of staff and management
- Obtaining understanding of the legal and regulatory framework the group operates in focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations. The key laws and regulations we considered in this context included UK Companies Act, tax legislation, employment law, Landlord and Tenant Act and, Health and Safety.

Audit response to risks identified

Fraud due to management override

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships.
- Audited the risk of management override of controls, including through testing journal entries for appropriateness.
- Investigated the rationale behind significant or unusual transactions.

Irregularities and non-compliance with laws and regulations

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but are not limited to:

- Agreeing financial statements disclosures to underlying supporting documentation.
- Enquiring of management as to actual and potential litigation claims.
- Reviewing minutes of meetings of those charged with governance.


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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
INVESTORS IN PRIVATE CAPITAL LIMITED**

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.



Asgher Sultan FCCA (Senior Statutory Auditor)
Gerald Edelman LLP Gerald Edelman LLP
73 Cornhill
London
EC3V 3QQ

Date: 7/12/2022

INVESTORS IN PRIVATE CAPITAL LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

| | | Year ended 31/12/21 £'000 | Period 1/4/20 to 31/12/20 £'000 |
|---|-------|---------------------------------|---|
| | Notes | | |
| Turnover | 3 | 23,244 | 20,569 |
| Administrative expenses | | <u>(7,205)</u> | <u>(7,271)</u> |
| | | 16,039 | 13,298 |
| Other operating income | 4 | 595 | 570 |
| Gain/loss on revaluation of investment property | | <u>33,176</u> | <u>2,583</u> |
| Operating profit | 6 | 49,810 | 16,451 |
| Profit/(loss) on sale of investment properties | 8 | <u>334</u> | <u>(1,650)</u> |
| | | 50,144 | 14,801 |
| Interest receivable and similar income | 9 | <u>3,327</u> | <u>2,807</u> |
| | | 53,471 | 17,608 |
| Interest payable and similar expenses | 10 | <u>(13,260)</u> | <u>(10,884)</u> |
| Profit before taxation | | 40,211 | 6,724 |
| Tax on profit | 11 | <u>(21,348)</u> | <u>(3,257)</u> |
| Profit for the financial year | | 18,863 | 3,467 |
| Other comprehensive income | | <u>-</u> | <u>-</u> |
| Total comprehensive income for the year | | <u>18,863</u> | <u>3,467</u> |

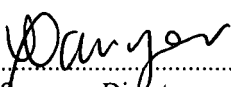
The consolidated statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

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

CONSOLIDATED BALANCE SHEET
31 DECEMBER 2021

| | Notes | 2021 £'000 | 2020 £'000 |
|--|-------|-----------------|-----------------|
| Fixed assets | | | |
| Intangible assets | 12 | (561) | (641) |
| Tangible assets | 13 | 1 | 4 |
| Investments | 14 | 25 | 25 |
| Investment property | 15 | <u>598,462</u> | <u>558,327</u> |
| | | 597,927 | 557,715 |
| Current assets | | | |
| Debtors | 16 | 9,415 | 22,072 |
| Cash at bank | | <u>34,481</u> | <u>45,943</u> |
| | | 43,896 | 68,015 |
| Creditors | | | |
| Amounts falling due within one year | 17 | <u>(33,809)</u> | <u>(33,381)</u> |
| Net current assets | | <u>10,087</u> | <u>34,634</u> |
| Total assets less current liabilities | | 608,014 | 592,349 |
| Creditors | | | |
| Amounts falling due after more than one year | 18 | (291,588) | (314,122) |
| Provisions for liabilities | 22 | <u>(55,316)</u> | <u>(35,980)</u> |
| Net assets | | <u>261,110</u> | <u>242,247</u> |
| Capital and reserves | | | |
| Called up share capital | 23 | 1 | 1 |
| Retained earnings | | <u>261,109</u> | <u>242,246</u> |
| | | <u>261,110</u> | <u>242,247</u> |

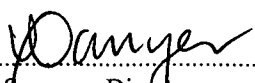
The financial statements were approved by the Board of Directors and authorised for issue on 7/12/2022 and were signed on its behalf by:


 E M Sawyer - Director

COMPANY BALANCE SHEET
31 DECEMBER 2021

| | | 2021 | | 2020 | |
|--|-------|-----------------|-----------------|-----------------|-----------------|
| | Notes | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | | | | | |
| Intangible assets | 12 | | - | | - |
| Tangible assets | 13 | | - | | - |
| Investments | 14 | | 224,873 | | 239,221 |
| Investment property | 15 | | <u>-</u> | | <u>-</u> |
| | | | 224,873 | | 239,221 |
| Current assets | | | | | |
| Debtors | 16 | 18,220 | | 19,133 | |
| Cash at bank | | <u>1,838</u> | | <u>1,089</u> | |
| | | 20,058 | | 20,222 | |
| Creditors | | | | | |
| Amounts falling due within one year | 17 | <u>(25,996)</u> | | <u>(20,176)</u> | |
| Net current (liabilities)/assets | | | <u>(5,938)</u> | | <u>46</u> |
| Total assets less current liabilities | | | 218,935 | | 239,267 |
| Creditors | | | | | |
| Amounts falling due after more than one year | 18 | | <u>260,029</u> | | <u>277,117</u> |
| Net liabilities | | | <u>(41,094)</u> | | <u>(37,850)</u> |
| Capital and reserves | | | | | |
| Called up share capital | 23 | | 1 | | 1 |
| Retained earnings | | | <u>(41,095)</u> | | <u>(37,851)</u> |
| | | | <u>(41,094)</u> | | <u>(37,850)</u> |
| Company's loss for the financial year | | | <u>(3,244)</u> | | <u>(2,707)</u> |

The financial statements were approved by the Board of Directors and authorised for issue on 21/12/2022 and were signed on its behalf by:



 E M Sawyer - Director

INVESTORS IN PRIVATE CAPITAL LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

| | Called up share capital £'000 | Retained earnings £'000 | Total equity £'000 |
|------------------------------------|--|--|-----------------------------------|
| Balance at 1 April 2020 | 1 | 238,779 | 238,780 |
| Changes in equity | | | |
| Total comprehensive income | <u>-</u> | <u>3,467</u> | <u>3,467</u> |
| Balance at 31 December 2020 | <u>1</u> | <u>242,246</u> | <u>242,247</u> |
| Changes in equity | | | |
| Total comprehensive income | <u>-</u> | <u>18,863</u> | <u>18,863</u> |
| Balance at 31 December 2021 | <u><u>1</u></u> | <u><u>261,109</u></u> | <u><u>261,110</u></u> |

INVESTORS IN PRIVATE CAPITAL LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

| | Called up share capital £'000 | Retained earnings £'000 | Total equity £'000 |
|------------------------------------|--|--|-----------------------------------|
| Balance at 1 April 2020 | 1 | (35,144) | (35,143) |
| Changes in equity | | | |
| Total comprehensive income | <u>-</u> | <u>(2,707)</u> | <u>(2,707)</u> |
| Balance at 31 December 2020 | <u>1</u> | <u>(37,851)</u> | <u>(37,850)</u> |
| Changes in equity | | | |
| Total comprehensive income | <u>-</u> | <u>(3,244)</u> | <u>(3,244)</u> |
| Balance at 31 December 2021 | <u><u>1</u></u> | <u><u>(41,095)</u></u> | <u><u>(31,381)</u></u> |

INVESTORS IN PRIVATE CAPITAL LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

| | | Year ended 31/12/21 £'000 | Period 1/4/20 to 31/12/20 £'000 |
|---|---|--|--|
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | 27,436 | (3,036) |
| Interest paid | | (13,260) | (10,884) |
| Tax paid | | - | - |
| Net cash from operating activities | | <u>14,176</u> | <u>(13,920)</u> |
| Cash flows from investing activities | | | |
| Purchase of tangible fixed assets | | (1) | (5) |
| Purchase of investment property | | (16,246) | (12,660) |
| Sale of investment property | | 9,287 | 6,280 |
| Interest received | | <u>3,327</u> | <u>2,807</u> |
| Net cash from investing activities | | <u>(3,633)</u> | <u>(3,578)</u> |
| Cash flows from financing activities | | | |
| New loans in year | | - | 5,692 |
| Loan repayments in year | | (22,143) | (3,232) |
| Repayment of debentures | | <u>138</u> | <u>56</u> |
| Net cash from financing activities | | <u>(22,005)</u> | <u>2,516</u> |
| Decrease in cash and cash equivalents | | <u>(11,462)</u> | <u>(14,982)</u> |
| Cash and cash equivalents at beginning of year | 2 | <u>45,943</u> | <u>60,925</u> |
| Cash and cash equivalents at end of year | 2 | <u><u>34,481</u></u> | <u><u>45,943</u></u> |

INVESTORS IN PRIVATE CAPITAL LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

| | Year ended 31/12/21 £'000 | Period 1/4/20 to 31/12/20 £'000 |
|--|--|--|
| Profit before taxation | 40,211 | 6,724 |
| Depreciation charges | 4 | 3 |
| Gain on revaluation of fixed assets | (33,176) | (2,583) |
| Amortisation of goodwill | (80) | (60) |
| Finance costs | 13,260 | 10,884 |
| Finance income | <u>(3,327)</u> | <u>(2,807)</u> |
| | 16,892 | 12,161 |
| Decrease/(increase) in trade and other debtors | 12,658 | (14,995) |
| Decrease in trade and other creditors | <u>(2,114)</u> | <u>(202)</u> |
| Cash generated from operations | <u>27,436</u> | <u>(3,036)</u> |

2. Cash and cash equivalents

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2021

| | 31/12/21 £'000 | 1/1/21 £'000 |
|---------------------------|---------------------------|-------------------------|
| Cash and cash equivalents | <u>34,481</u> | <u>45,943</u> |

Period ended 31 December 2020

| | 31/12/20 £'000 | 1/4/20 £'000 |
|---------------------------|---------------------------|-------------------------|
| Cash and cash equivalents | <u>45,943</u> | <u>60,925</u> |

INVESTORS IN PRIVATE CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 loss for the period was £3.2m (2020: £2.7m loss).

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 December 2021. 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.

INVESTORS IN PRIVATE CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2021

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.

The directors are monitoring developments relating to coronavirus regularly and are coordinating its operational response, as set out in the paragraph entitled 'Risk of the Covid-19 pandemic on the group in the Strategic Report, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

2.4 Reporting period length

The financial statements of the Group for the period ended 31 December 2021 present the results and the financial position of the Group for the 12 month period commencing 1 January 2021. The comparative figures present the results of the Group for the 9 month period from 1 April 2020 to 31 December 2020.

2.5 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.

2.6 Intangible fixed assets

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 a business combination n, including negative goodwill, is amortised over its estimated useful life of ten years.

2.7 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 profit and loss account.

2.8 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2.9 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.

2.10 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.

2.11 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 acquire. 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.

INVESTORS IN PRIVATE CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2021

2.12 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.

2.13 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.

INVESTORS IN PRIVATE CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2021

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.

2.13 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.

2.14 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 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, 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.

2.15 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.

INVESTORS IN PRIVATE CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2021

2.16 Retirement benefits

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

2.17 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.

2.18 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.

2.19 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.

2.20 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.

INVESTORS IN PRIVATE CAPITAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

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:

| | Year ended 31/12/21 £'000 | Period 1/4/20 to 31/12/20 £'000 |
|-------------------------|--|--|
| Rental and other income | <u>23,244</u> | <u>20,569</u> |

4. Other operating income

| | Year ended 31/12/21 £'000 | Period 1/4/20 to 31/12/20 £'000 |
|-----------------|--|--|
| Sundry receipts | <u>595</u> | <u>570</u> |

5. Employees and directors

| | Year ended 31/12/21 £'000 | Period 1/4/20 to 31/12/20 £'000 |
|-----------------------|--|--|
| Wages and salaries | 1,099 | 817 |
| Social security costs | 125 | 92 |
| Other pension costs | <u>91</u> | <u>74</u> |
| | <u>1,315</u> | <u>983</u> |

The average number of employees during the year was as follows:

| 31 December 2021 | 31 December 2020 |
|-----------------------------|---------------------------------|
| <u>25</u> | <u>25</u> |

| | Year ended 31/12/21 £'000 | Period 1/4/20 to 31/12/20 £'000 |
|--------------------------------|--|--|
| Directors' remuneration | | |
| Directors' service fees | <u>25</u> | <u>25</u> |

INVESTORS IN PRIVATE CAPITAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

6. Operating profit

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

| | Year ended 31/12/21 £'000 | Period 1/4/20 to 31/12/20 £'000 |
|--------------------------------|--|--|
| Operating lease charges | 220 | 181 |
| Depreciation - owned assets | 4 | 3 |
| Negative goodwill amortisation | (80) | (60) |
| Auditors' remuneration | <u>87</u> | <u>55</u> |

7. Auditors' remuneration

| | Year ended 31/12/21 £'000 | Period 01/4/20 to 31/12/20 £'000 |
|-------------------------------------|--|---|
| For audit services | | |
| Audit of the company's subsidiaries | <u>87</u> | <u>55</u> |

8. Profit/(loss) on sale of investment properties

| | Year ended 31/12/21 £'000 | Period 1/4/20 to 31/12/20 £'000 |
|--|--|--|
| Profit/(loss) on sale of investment properties | <u>334</u> | <u>(1,650)</u> |

9. Interest receivable and similar income

| | Year ended 31/12/21 £'000 | Period 1/4/20 to 31/12/20 £'000 |
|---------------------------|--|--|
| Interest on bank deposits | 1 | 11 |
| Other interest income | <u>3,326</u> | <u>2,796</u> |
| | <u>3,327</u> | <u>2,807</u> |

INVESTORS IN PRIVATE CAPITAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. Interest payable and similar expenses

| | Year ended 31/12/21 £'000 | Period 1/4/20 to 31/12/20 £'000 |
|-----------------------|--|--|
| Loan interest payable | 6,751 | 5,686 |
| Interest payable | <u>6,509</u> | <u>5,198</u> |
| | <u>13,260</u> | <u>10,884</u> |

11. Taxation

Analysis of the tax charge

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

| | Year ended 31/12/21 £'000 | Period 1/4/20 to 31/12/20 £'000 |
|--------------------|--|--|
| Current tax: | | |
| UK corporation tax | 2,013 | 1,232 |
| Deferred tax | <u>19,335</u> | <u>2,025</u> |
| Tax on profit | <u>21,348</u> | <u>3,257</u> |

UK corporation tax was charged at 19% in 2020.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is the same as the standard rate of corporation tax in the UK.

| | Year ended 31/12/21 £'000 | Period 1/4/20 to 31/12/20 £'000 |
|--|--|--|
| Profit before tax | <u>40,211</u> | <u>6,724</u> |
| Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%) | 7,640 | 1,278 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 13 | 316 |
| Income not taxable for tax purposes | (15) | (502) |
| Effect of change in corporation tax rate | 13,274 | - |
| Group relief not paid for investment properties | - | (675) |
| Other deferred tax not recognised | 1,027 | (8) |
| Capital gains tax | - | 2,848 |
| Losses utilised not provided | <u>(591)</u> | <u>-</u> |
| Total tax charge | <u>21,348</u> | <u>3,257</u> |

INVESTORS IN PRIVATE CAPITAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Intangible fixed assets

Group

| | Goodwill £'000 |
|-----------------------|---------------------------|
| Cost | |
| At 1 January 2021 | |
| and 31 December 2021 | <u>(801)</u> |
| Amortisation | |
| At 1 January 2021 | (160) |
| Amortisation for year | <u>(80)</u> |
| At 31 December 2021 | <u>(240)</u> |
| Net book value | |
| At 31 December 2021 | <u>(561)</u> |
| At 31 December 2020 | <u>(641)</u> |

On the 6 December 2018, the group acquired Boostmarket Limited, a 100% subsidiary of the group. The negative goodwill of £801,000 is being amortised evenly over its estimated useful life of ten years.

The company had no intangible fixed assets as at 31 December 2021 or 31 December 2020.

13. Tangible fixed assets

Group

| | Plant and machinery £'000 | Fixture and fittings £'000 | Totals £'000 |
|-----------------------|--|---|-------------------------|
| Cost | | | |
| At 1 December 2020 | 139 | 20 | 159 |
| Additions | <u>1</u> | <u>-</u> | <u>1</u> |
| At 31 December 2021 | <u>140</u> | <u>20</u> | <u>160</u> |
| Depreciation | | | |
| At 1 December 2020 | 135 | 20 | 155 |
| Charge for the year | <u>4</u> | <u>-</u> | <u>4</u> |
| At 31 December 2021 | <u>139</u> | <u>20</u> | <u>159</u> |
| Net book value | | | |
| At 31 December 2021 | <u>1</u> | <u>-</u> | <u>1</u> |
| At 31 December 2020 | <u>4</u> | <u>-</u> | <u>4</u> |

The company had no tangible fixed assets as at 31 December 2021 or 31 December 2020.

INVESTORS IN PRIVATE CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

14. Fixed asset investments

| | Group | | Company | |
|----------------------------|------------------|------------------|-----------------------|-----------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £'000 | £'000 | £'000 | £'000 |
| Investment in subsidiaries | - | - | 178,793 | 188,506 |
| Listed investments | - | - | 46,080 | 50,715 |
| Unlisted investments | <u>25</u> | <u>25</u> | <u>-</u> | <u>-</u> |
| | <u><u>25</u></u> | <u><u>25</u></u> | <u><u>224,873</u></u> | <u><u>239,221</u></u> |

The investment balance of £46.1m (2020: £50.7m) in the company relates to the investment in Wellington Pub Company Plc 'A' and 'B' bonds.

| Group | Unlisted investments £'000 | Listed investments £'000 | Totals £'000 |
|--|---|---|-------------------------|
| At 1 December 2020 & 31 December 2021 | <u>25</u> | <u>-</u> | <u>25</u> |
| Carrying amount At 31 December 2021 | <u><u>25</u></u> | <u><u>-</u></u> | <u><u>25</u></u> |
| At 31 December 2020 | <u><u>25</u></u> | <u><u>-</u></u> | <u><u>25</u></u> |

| Company | Unlisted investments £'000 | Listed investments £'000 | Totals £'000 |
|---------------------------------------|---|---|-------------------------|
| Cost | | | |
| At 1 January 2021 | 188,506 | 50,715 | 239,221 |
| Impairment to investments | (9,713) | - | (9,713) |
| Disposals | <u>-</u> | <u>(4,635)</u> | <u>(4,635)</u> |
| At 31 December 2021 | <u>178,793</u> | <u>46,080</u> | <u>224,873</u> |
| Net book value At 31 December 2021 | <u><u>178,793</u></u> | <u><u>46,080</u></u> | <u><u>224,873</u></u> |
| At 31 December 2020 | <u><u>188,506</u></u> | <u><u>50,715</u></u> | <u><u>239,221</u></u> |

INVESTORS IN PRIVATE CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2021

Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

| Name of undertaking | Registered Office | Nature of business | Class 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 |
|--------------------------|----------------|
| Cost or valuation | |
| At 1 January 2021 | 558,327 |
| Additions | 16,246 |
| Disposals | (9,287) |
| Revaluations | <u>33,176</u> |
| At 31 December 2021 | <u>598,462</u> |
| Net book value | |
| At 31 December 2021 | <u>598,462</u> |
| At 31 December 2020 | <u>558,327</u> |

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

The company had no investment properties as at 31 December 2021 or 31 December 2020.

INVESTORS IN PRIVATE CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

16. Debtors

| | Group | | Company | |
|---|--------------|---------------|----------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £'000 | £'000 | £'000 | £'000 |
| Amounts falling due within one year: | | | | |
| Trade debtors | 6,917 | 12,243 | - | - |
| Amounts owed by group undertakings | - | - | 17,052 | 10,627 |
| Amounts owed by participating interests | 605 | 606 | - | - |
| Other debtors | 378 | 7,767 | 71 | 7,377 |
| VAT | 2 | 12 | 2 | 12 |
| Prepayments and accrued income | <u>1,508</u> | <u>1,440</u> | <u>1,095</u> | <u>1,117</u> |
| | <u>9,410</u> | <u>22,068</u> | <u>18,220</u> | <u>19,133</u> |
| Amounts falling due after more than one year: | | | | |
| Deferred Tax | <u>5</u> | <u>4</u> | <u>-</u> | <u>-</u> |
| Aggregate amounts | <u>9,415</u> | <u>22,072</u> | <u>18,220</u> | <u>19,133</u> |

17. Creditors: amounts falling due within one year

| | Group | | Company | |
|---|---------------|---------------|----------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £'000 | £'000 | £'000 | £'000 |
| Bank loans and overdrafts (see note 20) | 10,220 | 9,692 | - | - |
| Trade creditors | 410 | 587 | 71 | 120 |
| Amounts owed to group undertakings | - | - | 17,801 | 11,045 |
| Amounts owed to participating interests | 8,134 | 8,135 | 8,125 | 8,125 |
| Corporation Tax | 3,245 | 1,232 | - | - |
| Social security and other taxes | 1,250 | 2,589 | - | - |
| Other creditors | 3,410 | 4,632 | (1) | 882 |
| Accruals and deferred income | <u>7,140</u> | <u>6,514</u> | <u>-</u> | <u>4</u> |
| | <u>33,809</u> | <u>33,381</u> | <u>25,996</u> | <u>20,176</u> |

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

| | Group | | Company | |
|---------------------------|----------------|----------------|----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £'000 | £'000 | £'000 | £'000 |
| Bank loans (see note 20) | 31,559 | 37,005 | - | - |
| Other loans (see note 20) | <u>260,029</u> | <u>277,117</u> | <u>260,029</u> | <u>277,117</u> |
| | <u>291,588</u> | <u>314,122</u> | <u>260,029</u> | <u>277,117</u> |

INVESTORS IN PRIVATE CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2021

19. Loans

An analysis of the maturity of loans is given below:

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £'000 | £'000 | £'000 | £'000 |
| Class A secured fixed rate bonds at 6.735% | 39,940 | 44,642 | - | - |
| Class B secured fixed rate bonds at 7.335% | 2,567 | 2,921 | - | - |
| Less: Amortised issue costs | (728) | (866) | - | - |
| Other borrowings | <u>260,029</u> | <u>277,117</u> | <u>260,029</u> | <u>277,117</u> |
| | <u>301,808</u> | <u>323,814</u> | <u>260,029</u> | <u>277,117</u> |
| Payable within one year | 10,220 | 9,692 | - | - |
| Payable after one year | <u>291,588</u> | <u>314,122</u> | <u>260,029</u> | <u>277,117</u> |

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

A first fixed charge by way of a mortgage of all estates and other interests of the issuer;

An assignment by way of fixed security of the issuer's right, title, interest and benefit in and to the rental income;

An assignment by way of fixed security of the issuer's right, title, interest and benefit in and to the Assigned Documents;

An assignment by way of 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 issuer repaid £7,651,520 (2020: £5,412,160) of the Class A secured fixed rate bonds and £2,040,000 (2020: £1,530,000) of the Class B secured fixed rate bonds.

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

INVESTORS IN PRIVATE CAPITAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

20. Leasing agreements

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 | |
|----------------------------|--------------|--------------|----------------|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £'000 | £'000 | £'000 | £'000 |
| Within one year | 56 | 80 | - | - |
| Between two and five years | 94 | 82 | - | - |
| | <u>151</u> | <u>163</u> | <u>-</u> | <u>-</u> |

Lessor

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

| | Group | | Company | |
|----------------------------|----------------|----------------|----------------|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £'000 | £'000 | £'000 | £'000 |
| Within one year | 30,674 | 30,341 | - | - |
| Between two and five years | 99,977 | 101,424 | - | - |
| In over five years | 125,435 | 135,915 | - | - |
| | <u>256,086</u> | <u>267,680</u> | <u>-</u> | <u>-</u> |

21. Financial instruments

| | Group | | Company | |
|--|--------------|---------------|----------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £'000 | £'000 | £'000 | £'000 |
| Carrying amount of financial assets | | | | |
| Debt instruments measured at amortised cost | 4,051 | 20,627 | 17,163 | 18,016 |
| Equity instruments measured at costless impairment | 25 | 25 | 46,054 | 50,715 |
| | <u>4,076</u> | <u>20,652</u> | <u>63,217</u> | <u>68,731</u> |
| Carrying amount of financial liabilities | | | | |
| Measured at amortised cost | 314,994 | 337,168 | 286,025 | 307,289 |

INVESTORS IN PRIVATE CAPITAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

22. Provisions for liabilities

Group

| | 2021 | 2020 |
|--------------------------|---------------|---------------|
| | £'000 | £'000 |
| Deferred tax liabilities | <u>55,316</u> | <u>35,980</u> |

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:

| | Liabilities | | Assets | |
|--------------------------------|--------------------|---------------|---------------|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £'000 | £'000 | £'000 | £'000 |
| Accelerated capital allowances | 10,840 | 8,214 | 5 | 4 |
| Investment | <u>44,476</u> | <u>27,766</u> | <u>-</u> | <u>-</u> |
| | <u>55,316</u> | <u>35,980</u> | <u>5</u> | <u>4</u> |

The company has no deferred tax assets or liabilities.

23. Called up share capital

| | 2021 | 2020 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Ordinary share capital issued and fully paid | | |
| 1,000 Ordinary of £1 each | <u>1</u> | <u>1</u> |

24. Pension commitments

Defined contribution schemes

| | 2021 | 2020 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Charge to profit or loss in respect of defined contribution schemes | <u>91</u> | <u>74</u> |

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.

INVESTORS IN PRIVATE CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2021

25. 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.

Included within creditors due after more than one year was an amount of £260m (2020: £nil) due to Hightower Finance (Jersey) Limited, which is a company under common control. Interest of £6.9m (2020: £nil) was charged during the year.

Previously this loan was due to TFB (Mortgages) Designated Activity Company, a company registered in Ireland which is under common control. This year the amount due is £nil (2020: 277m) with interest charged of £nil (2020: £5.7m).

Included within the amounts due from related undertakings is £605,000 (2020: £605,000) due to Wellington Investments Ltd from Aldersgate Investments Limited, a company under common control.

Included within the amounts due to related undertakings is £8.1m (2020: £8.1m) due from Investors in Private Capital Limited to Aldersgate Investments Limited.

Included within the amounts due to related undertakings is £8,825 (2020: £6,375) due from Mary Rose Properties Limited to Aldersgate Investments Limited.

Included in creditors are bonds with a value of £12,558,682 (2020: £13,192,862) owned by Reuben Foundation, a charity whose Trustees include S D Reuben and R D Reuben. Interest of £835,305 (2020: £681,415) as recognised on these bonds in the year.

26. 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.