WITTINGTON INVESTMENTS (PROPERTIES) LIMITED

Strategic report, Directors' report and financial statements

Registered number 6827789

15 September 2018

Company Information

Directors	Guy Weston George Weston Charles Mason Kevin Boylan
Secretary	Ms Amanda Geday
Company number	06827789
Registered Office	Weston Centre 10 Grosvenor Street London W1K 4QY UK
Auditor	Ernst & Young LLP 1 More London Place London SE1 2AF
Business address	Weston Centre 10 Grosvenor Street London W1K 4QY

Contents

Strategic Report for the period 17 September 2017 to 15 September 2018

The directors present their strategic report for the period 17 September 2017 to 15 September 2018.

Principal activity
The principal activity is that of an investment company. During the period, the main activity of the company remained unchanged and the directors expect that any future developments will be related to this activity.

Review of business
The company invests in high-quality investment properties in the retail, office and distribution sectors across the UK. During the year ownership of a property on Ardra Road in London was transferred to the company from another subsidiary within the group. This property was sold later in the year, after refurbishment works, realising a profit of £10,876,023. The property on Station Road, Cheadle Hulme was also sold, realising a profit of £909,970.

The Statement of comprehensive income for the period is set out on page 6. Turnover for the period represented by rental income was £7,722,855 (2017: *£8,744,905*). The profit after tax amounted to £2,723,862 *(2017: £9,773,224)*.

No dividend is recommended for the period *(2017: £Nil)*.

Principal business risks
Key factors impacting our tenants are business and consumer confidence, interest rates, unemployment levels and disposable income growth. Such risks are mitigated as far as possible by having a portfolio which is diversified by sector, geography and type of occupier.

The company's key performance indicators are estimated rentable value (ERV) which is the open market rent that a property can be reasonably expected to attain based on its condition and the local market, unoccupied properties in the current portfolio as a percentage of ERV and the weighted average unexpired lease term which measures the average remaining life of tenant leases.

Employees
During the period ending 15 September 2018 the company employed three members of staff (2017 – 3). Information about directors can be found in the Directors' Report on page 2.

By order of the Board

Amanda Geday
Secretary
1 April 2019

Weston Centre
10 Grosvenor Street
London W1K 4QY

Directors' report

The directors present their directors' report and the audited financial statements for the 52 weeks ended 15 September 2018.

Principal activity
The principal activity of the company continued to be that of an investment company.

Disclosure of information to auditor
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Directors and directors' interests
The directors who held office during the period were as follows:

Guy Weston
George Weston
Charles Mason
Kevin Boylan
Stephen Hancock (deceased 11 February 2018)
Helen Gibson (appointed 1 October 2018)
Martin Hattrell (appointed 1 October 2018)

Notification of an interest in the shares of this company and shares in or debentures of other group companies by the directors was not required because at the end of the period each was also a director of a company of which this company is a wholly owned subsidiary undertaking.

No director had at any time during the period any material interest in a contract with the company.

Political and charitable contributions
The company made no political or charitable donations or incurred any political expenditure during the year.

Auditor
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

By order of the Board

Amanda Geday
Secretary
1 April 2019

Weston Centre
10 Grosvenor Street
London W1K 4QY, UK

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Wittington Investments (Properties) Limited

Opinion

We have audited the financial statements of Wittington Investments (Properties) Limited for the year ended 15 September 2018 which comprise of the Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 15 September 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information; we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of Wittington Investments (Properties) Limited (continued)

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Ernst & Young LLP

Matthew Williams (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
1 April 2019

Statement of comprehensive income

for the 52 weeks ended 15 September 2018

	Note	**52 weeks ended 15 September 2018 £**	52 weeks ended 16 September 2017 £
Rental income		**7,722,855**	8,744,905
Administrative and property expenses		**(1,916,511)**	(1,718,940)
Impairment expense	*3*	**(11,129,243)**	-
Other property income	*4*	**11,824,616**	4,748,843
Operating profit		**6,501,717**	11,774,808
Other interest receivable and similar income	*5*	**8,126**	162,863
Interest payable and similar charges		**(1,045,565)**	(1,061,567)
Investment income	*6*	**69,339**	34,850
Profit before taxation		**5,533,617**	10,910,954
Tax on profit	*7*	**(2,809,755)**	(1,137,730)
Profit after tax		**2,723,862**	9,773,224
Other comprehensive income		**0**	0
Total comprehensive income for the year		**2,723,862**	9,773,224

Balance sheet

at 15 September 2018

	Note	15 September 2018		16 September 2017	
		£	£	£	£
Fixed assets					
Investment property	9		177,762,547		196,879,874
Investments	10		3,516,022		3,600,002
			181,278,569		200,479,876
Current assets					
Debtors	11	2,852,215		1,167,658	
Cash at bank and in hand		4,349,706		3,001,964	
		7,201,921		4,169,622	
Creditors: amounts falling due within one year	12	(96,794,216)		(110,312,086)	
Net current liabilities			(89,592,295)		(106,142,464)
Total assets less current liabilities			91,686,274		94,337,412
Creditors: amounts falling due after more than one year	13		(42,000,000)		(47,375,000)
Net assets			49,686,274		46,962,412
Capital and reserves					
Called up share capital	14		1		1
Profit and loss account			49,686,273		46,962,411
Shareholders' funds			49,686,274		46,962,412

These financial statements were approved by the board of directors on 1 April 2019 and were signed on its behalf by:

Guy Weston
Director

Company registration number 06827789

Statement of Changes in Equity

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 17 September 2016	**1**	**37,189,187**	**37,189,188**
Total comprehensive income for the period			
Profit for the period	-	9,773,224	9,773,224
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	9,773,224	9,773,224
Balance at 16 September 2017	**1**	**46,962,411**	**46,962,412**
Total comprehensive income for the period			
Profit for the period	-	2,723,862	2,723,862
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	2,723,862	2,723,862
Balance at 15 September 2018	**1**	**49,686,273**	**49,686,274**

Notes

(forming part of the financial statements)

1 Accounting reference date

The accounting reference date of the company is the Saturday nearest to 15 September. Accordingly, these financial statements have been prepared to 15 September 2018.

2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101").* The presentation currency of these financial statements is Sterling.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantages of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Wittington Investments Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Wittington Investments Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Companies House.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital (paragraph 79(a)(iv) of IAS);
- Disclosures in respect of transactions with wholly owned subsidiaries (paragraphs 17 and 18A of IAS 24 and the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member);
- Disclosures in respect of capital management (paragraph 134 - 136 of IAS 1);
- The effects of new but not yet effective IFRSs (paragraphs 30 and 31 of IAS 8);
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Wittington Investments Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Notes *(continued)*

(forming part of the financial statements)

2 Accounting Policies *(continued)*

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Key estimates:

- That the residual value of major components of investment property exceeds their book value so no depreciation is provided.
- The fair value disclosures relating to investment property (see note 9).

Revenue

- Rentals arising under operating leases are recognised on a straight line basis over the lease term.
- Dilapidation income is recognised when the Company has a contractual right to the income and the amount to be received is sufficiently certain – usually when the amount has been agreed with the tenant.
- Dividend income is recognised when the Company has the right to the dividend.

Investment property

Investment properties are held at cost less provision for impairment. Impairment is determined by reference to the fair value of property estimated either by independent valuers or by the directors.

Depreciation is provided where the directors consider that the residual value of major components of the property is less than current book value.

Investments

Investments in associates are held at cost less impairment.

Tax

Income tax on the profit for the period comprises current and deferred tax. Current tax is expected to be paid (or recovered) using tax rates and laws enacted, or substantively enacted, by the balance sheet date, together with any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences that exist at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is measured at the rate expected to apply in the period in which the temporary differences are realised. A deferred tax asset is recognised only to the extent that it is probable that future profits will be available against which the asset can be recognised.

Going Concern

The Company is dependent upon its parent company, Wittington Investments Ltd ('Wittington') for continuing financial support. Wittington has provided the Company with an undertaking that it will continue to make available such funds as are needed by the Company for a period of 12 months from the date of accounts signing and accordingly the directors consider it appropriate to continue to adopt the going concern basis in preparing the Company's financial statements.

Notes *(continued)*

Accounting Policies *(continued)*

Bank loans

Debt is initially recognised at the fair value of consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans are subsequently measured at amortised cost using the effective interest method. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount.

3 Operating costs

The auditor's remuneration for the period was £4,800 *(2017: £4,500)*. The auditor's remuneration is borne by the parent company.

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, for other than the audit of the Company financial statements have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Wittington Investments Limited.

Direct expenses for properties generating rental income for the period was £1,961,101 (2017: *£2,155,883*). Direct expenses for properties not generating rental income for the period was £505,182 (2017: *£34,277*).

Impairment expenses of £11,129,243 (2017: *nil*) were recognised in the statement of income and expenses to reflect the fair value of the properties as determined by an independent value. The impairments were limited to the retail sector, reflecting prevailing market conditions.

4 Other Property Income

In November 2017 a property on Station Road in Cheadle Hulme was sold for £17,450,000 resulting in a profit of £909,970. In May 2018 a property on Ardra Road in London was sold for £21,450,000 resulting in a profit of £10,876,023.

Other income of £38,622 (*2017: £88,142*) consisting of £24,396 for an insurance commission rebate, a premium charged for the early termination of a lease of £12,000 and £2,226 relating to tenancy cancellations.

5 Interest receivable and similar income

	52 weeks ended 15 September 2018	52 weeks ended 16 September 2017
	£	£
Gain on derivative	**-**	152,168
Bank interest	**8,126**	10,695
	8,126	162,863

6 Investment Income

During the year the company received a distribution of £69,339 from Vanneck Residential LLP (2017 - £34,850).

Notes *(continued)*

7 Taxation

	52 weeks ended 15 September 2018 £	52 weeks ended 16 September 2017 £
Tax charge		
Current tax		
Tax charge	**(2,552,805)**	(1,339,729)
Adjustment for prior years	**(42,390)**	6,282
Deferred Tax		
Deferred tax charge	**(149,708)**	(104,441)
Adjustment for prior years	**(64,852)**	300,159
	(2,809,755)	(1,137,730)

The difference between the total tax charge shown and the amount calculated by applying the standard rate of UK Corporation tax to the profit before tax is as follows:

	52 weeks ended 15 September 2018	52 weeks ended 16 September 2017
Profit before tax	**5,533,617**	10,910,954
Multiplied at the standard rate of corporation tax of 19% (2017: 19.5%)	**(1,051,387)**	(2,127,636)
Dividend income	**13,174**	-
Non-deductible expenses	**(2,172,112)**	10,832
Income not taxable	**501,097**	665,838
Share of partnership loss	**6,715**	6,796
Adjustments to tax charge in respect of previous periods	**(107,242)**	306,440
Tax charge	**(2,809,755)**	(1,137,730)

The current UK corporation tax rate is 19% and a reduction to 17% will take place from April 2020.

Notes *(continued)*

8 Deferred tax

	15 September 2018	16 September 2017
	£	£
At the beginning of year	**195,717**	0
credit/(charge) to the profit and loss for the year	**(214,559)**	195,717
At end of the year	**(18,842)**	195,717

The elements of deferred tax are as follows:	**15 September 2018**	16 September 2017
	£	£
Difference between accumulated depreciation and capital allowances	(18,842)	195,717

9 Investment property

	£
Cost	
At 16 September 2017	196,879,874
Additions	17,854,396
Impairment losses	(11,129,243)
Disposals	(25,842,480)
At 15 September 2018	**177,762,547**
Net book value	
At 15 September 2018	**177,762,547**
At 16 September 2017	196,879,874

During the year, a freehold property on Ardra Road in London was transferred within the Wittington Investment group at a net book value of £9,440,796 The same property was sold later in the year for £21,450,000. The property on Station Road, Cheadle Hulme was also sold for £17,450,000. In the course of the year £8,697,044 was spent on property improvements.

The fair value of the investment property is estimated to be £203,055 (2017: *£205,650*). This fair value is primarily calculated using an income capitalisation approach. The key assumption is the yield, the range used is between 3% and 7% (2017: 3% and 7%).

Impairment losses of £11,129,243 have primarily been recognised against properties with tenants operating in the retail sector reflecting the poor economic outlook for that sector.

Notes *(continued)*

10 Investments

	Shares in group undertakings £
Cost	
At 17 September 2017	3,600,002
Additions	-
Capital repayments	(83,980)
Disposals	-
At 15 September 2018	**3,516,022**
Net book value	
At 15 September 2018	**3,516,022**
At 16 September 2017	3,600,002

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Investment in associates

	Country of registration or Incorporation	Shares held: Class	Shares held: %
Vanneck Residential LLP	Property development	Ordinary	41

The aggregate amount of capital and reserves of these undertakings for the last relevant financial year ended 31 December 2017 were as follows:

	Principal activity	Total Members' Interests 2017	Profit for the year 2017
Vanneck Residential LLP	Property development	8,747,208	229,844

The Company guaranteed a bank loan held by Nurton Developments (Quintus) Limited, a joint venture partner of a fellow subsidiary, for the principal amount of £400,000 that was due to be repaid 25 April 2018. The lender has informally agreed to extend the repayment term until the new facility is in place in early 2019.

Notes *(continued)*

11 Debtors

	15 September 2018 **£**	16 September 2017 £
Trade debtors	**1,661,299**	107,234
Taxation and social security	**163,679**	42,754
Deferred tax asset	**-**	195,717
Other debtors and prepayments	**1,027,237**	821,953
	2,852,215	1,167,658

12 Creditors: amounts falling due within one year

	15 September 2018 **£**	16 September 2017 £
Bank loans	**1,500,000**	1,500,000
Amounts owed to group undertakings	**89,944,781**	106,269,905
Taxation and social security	**2,539,665**	1,333,447
Deferred tax creditor	**18,842**	-
Other creditors	**2,790,928**	1,208,734
	96,794,216	110,312,086

13 Creditors: amounts falling due after more than one year

	15 September 2018 **£**	16 September 2017 £
Analysis of loans		
Wholly repayable within five years	**43,500,000**	48,875,000
	43,500,000	48,875,000
Included in current liabilities	**(1,500,000)**	(1,500,000)
Loans due in more than one year	**42,000,000**	47,375,000
Loan maturity analysis		
In more than one year but not more than two years	**1,500,000**	1,500,000
In more than two years but not more than five years	**40,500,000**	45,875,000

The loans are secured by a legal charge over the investment property.

The loan will be repaid in full within 5 years of the initial drawdown at a floating interest rate of LIBOR+1.8%.

Notes *(continued)*

14 Share capital

	15 September 2018 £	16 September 2017 £
Issued, Allotted, called up and fully paid		
1 Ordinary share of £1 each	1	1

15 Employees and directors

Number of employees

The average monthly number of employees (excluding directors) during the period was:

	15 September 2018 Number	16 September 2017 Number
Office and management	1	1

Employee benefit expense	15 September 2018 £	16 September 2017 £
Wages and salaries	**80,939**	28,818
Social security costs	**6,910**	2,918
Other pension costs	**5,151**	1,057
	93,000	32,793

Directors' remuneration

Total directors' remuneration and the remuneration for the highest paid director, both for 2018, were £274,700 (*2017: £225,250*). Total company contribution relating to directors to defined contribution pension schemes and the total pension contribution paid by the company in respect to the highest paid director, both for 2018, were £11,486 (*2017: £7,610*).

Notes *(continued)*

16 Parent company and controlling party

The largest group in which the results of the Company are consolidated is that headed by Wittington Investments Limited ('Wittington'), the accounts of which are available at Weston Centre, 10 Grosvenor Street, London W1K 4QY. Wittington is the also the immediate parent company, and is incorporated and registered as a limited company in England and Wales.

Wittington, and, through their control of Wittington, the trustees of the Garfield Weston Foundation ('the Foundation') are controlling shareholders of the Company. The majority shareholder of Wittington is Garfield Weston Foundation, a grant making trust and a registered charity. The Trustees of the Garfield Weston Foundation are Persons with Significant Control in relation to Wittington the immediate parent.

17 Related party relationships and transactions

Included in creditors is a balance of £89,944,781 (*2017: £106,269,905*) due to Wittington Investments Limited.

18 Financial instruments

The Company's financial instruments principally comprise bank loans, cash, amounts due to group undertakings and other payables and receivables that arise directly from its operations.

a) Fair values

The fair values together with the carrying amounts shown in the balance sheet are as follows:

	Carrying amount 2018 £	**Fair value 2018 £**	Carrying amount 2017 £	Fair value 2017 £
Trade debtors	1,661,299	1,661,299	107,234	107,234
Other debtor	450,766	450,766	472,395	472,395
Cash	4,349,706	4,349,706	3,001,964	3,001,964
Total financial assets	6,461,771	6,461,771	3,581,593	3,581,593
Bank loans	43,500,000	43,500,000	48,875,000	48,875,000
Amounts owed to group undertakings	89,944,781	89,944,781	106,269,905	106,269,905
Other creditors	967,331	967,331	841,179	841,179
Total financial liabilities	134,412,112	134,412,112	155,986,084	155,986,084

Notes *(continued)*

Financial instruments (continued)

Basis of fair values

Financial instrument	*Fair value determination*
Cash, trade debtors and other creditors	Fair values have been stated at book values due to short maturities or otherwise immediate or short-term access and realisability.
Loans	The fair value of floating rate debt is considered to be approximately the same as the book value of the debt.
Amounts owed to group undertakings	The fair value of amounts due to group undertakings is considered to be approximately the same as the book value as it is payable on demand.

b) Financial risk identification and management

The Company is exposed to the following financial risks from its use of financial instruments:

- Market risk;
- Credit risk; and
- Liquidity risk

i) Market risk

Market risk is the risk of movements in the fair value of future cash flows of a financial instruments or forecast transaction as underlying market prices change. The Company is exposed to changes in the interest rates on its floating rate loans.

ii) Credit risk

Credit risk is the risk that counterparties to financial instruments do not perform according to the terms of contract or instrument. The Company is exposed to counterparty risk when dealing with customers, and from certain financial activities.

The immediate credit exposure of financial instruments is represented by those financial instruments that have a net positive value. The Company considers its maximum exposure to credit risk to be:

	2018	**2017**
	£	**£**
Cash	4,349,706	3,001,964
Trade debtors	1,661,299	107,234
	6,011,005	3,109,198

Cash balances are held with an investment-grade bank.

Notes *(continued)*

Financial instruments (continued)

ii) Credit risk (continued)

Trade debtors
All trade debtor balances are with counterparties located in UK. Trade debtors can be analysed as follows:

	2018	2017
	£	£
Not overdue	1,565,122	8,490
Up to 1 month past due	93,262	65,909
Between 1 and 2 months past due	-	-
Between 2 and 3 months past due	-	-
More than 3 months past due	2,915	32,835
Total	1,661,299	107,234

iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is in receipt of an undertaking from its parent company that it will continue to make available such funds as are needed by the Company for a period of 12 months from the date of approval of the financial statements.