Registration number: 06827789

Wittington Investments (Properties) Limited

Strategic Report, Directors' Report and Financial Statements

for the Period from 18 September 2021 to 17 September 2022

Contents

Company Information

Directors
Sir Guy Weston
George Weston
Kevin Boylan
Charles Mason
Richard Grant
Martin Hattrell

Company secretary
Jennifer Dooley

Registered office
Weston Centre
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London
United Kingdom
W1K4QY

Auditors
Ernst & Young LLP
1 More London Place
London
United Kingdom
SE1 2AF

Strategic Report for the Period from 18 September 2021 to 17 September 2022

The directors present their Strategic Report for the period from 18 September 2021 to 17 September 2022.

Principal activity
The principal activity of the company is that of investment in high-quality investment properties in the retail, office and industrial sectors across the UK.

Development and performance of the business during the year
The Company's Financial Statements have been prepared in accordance with Financial Reporting Standard 101: Reduced Disclosure Framework ('FRS 101'). The Statement of Comprehensive Income for the period is set out on page 10.

Turnover for the period represented by rental income was £10.8m (2021: £10.4m). One property was sold (West End Retail Park in Glasgow, proceeds of £34.2m) and two properties were acquired during the year (Ilderton Road, Bermondsey and Goswell Road, Clerkenwell).

The Company has recovered well from the COVID-19 pandemic, with levels of tenant arrears and rent concessions returning to pre-pandemic levels of 1% of rent demanded (2021: 8%).

In addition to post-pandemic uncertainty regarding the future retail and working patterns, rising UK interest rates and the impact of high inflation on tenants' profits have impacted property valuations; in 2022 the Company has recognized an impairment charge (net of reversals) of £3.1m (2021: £6.2m). See note 3 for further details of the Company's impairment testing policy and note 12 for details of impairments.

The profit for the period ended 17 September 2022 was £14.5m (2021: £2.4m).

The Directors do not recommend the payment of a dividend (2021: £nil).

Position of the business at the end of the year
The financial position of the Company is presented in the Balance Sheet on page 11. Total equity as at 17 September 2022 was £55.3m (2021: £40.7m).

Principal risks and uncertainties

All material financial and non-financial risks are reviewed on a regular basis to ensure that they are managed and mitigated. The principal risk to the business continues to be our tenants' ability to pay rents and in particular that of retail tenants who are disproportionately affected by the impact of inflation on their own cost base as well as on consumer confidence and turnover. The Company's principal mitigations to this risk have been:

i. the continuing diversification of its portfolio (in order to reduce exposure to sector-specific risks of rent arrears) with retail properties representing 16% of the Company's portfolio by Open Market Value (OMV) (2021: 30%); and

ii. proactive engagement with tenants to negotiate alternate rental terms (in order to minimize the value of rent arrears)– arrears account for 0.1% of rent demanded (2021: 0.56%).

Strategic Report for the Period from 18 September 2021 to 17 September 2022 (continued)

The directors believe the Company's resilience has been evidenced by the year-on-year growth in rent collection and profit set out in these statements and that the Company is well placed to trade through the uncertain times with adequate resources to continue to meet its commitments when called. The directors' opinion has been informed by their review of the Company's cashflow forecasts, which substantiate the adequacy of its resources. These resources include the commitment of the Company's ultimate parent, Wittington Investments Limited, to provide financial support in the unlikely event that the Company is unable to meet its liabilities from its operating cashflows. As such these financial statements are prepared on a going concern basis (see note 2).

Key performance indicators ('KPIs')
Given the nature of the business, the Company's Directors are of the opinion that the KPIs necessary for an understanding of the development, performance and position of the Company are as follows:

KPI	2022	2021	% change
Estimated Rental Value (ERV) (£m)	13.7	14.9	(8)
Unoccupied property as % ERV (%)	33	26	7
Rents collected (%)	99	92	7
Revenue (£m)	10.7	10.4	3
Profit after tax (£m)	14.5	2.4	604
Net assets (£m)	55.3	40.7	36

Likely future developments
The Directors expect that any future developments will be related to the principal activity of the Company.

Approved by the Board on 28 February 2023 and signed on its behalf by:

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Sir Guy Weston
Director

Directors' Report for the Period from 18 September 2021 to 17 September 2022

The directors present their report and the financial statements for the period from 18 September 2021 to 17 September 2022.

Directors

The directors, who held office during the period and up to the date of signing of the financial statements, were as follows:

- Sir Guy Weston
- George Weston
- Kevin Boylan
- Charles Mason
- Richard Grant
- Martin Hattrell

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

Company secretary

Jennifer Dooley

Going concern

See the 'Principal risks and uncertainties' section of the Strategic Report.

Directors' liabilities

Directors' and officers' liability insurance has been purchased by the ultimate parent company, Wittington Investments Limited, and was in place throughout the period. The insurance does not provide cover in the event that the Director is proved to have acted fraudulently.

Statement of directors' responsibilities

The directors acknowledge their responsibilities 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 period. These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 accounting standards in conformity with the requirements of the Companies Act 2006. 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has 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.

Directors' Report for the Period from 18 September 2021 to 17 September 2022 (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditors

Each of the Directors who held office at the date of approval of this Directors' Report confirm that so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and that they have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditors

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.

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the period.

Results and dividends

See the 'Development and performance of the business during the year' section of the Strategic Report

Financial risk management

The Directors have established objectives and policies for managing financial risks to enable the Company to achieve its long-term shareholder growth targets within a prudent risk management framework. These objectives and policies are regularly reviewed.

Exposure to price risk, credit risk, liquidity risk and cash flow risk

Exposure to price risk, counterparty credit risk, liquidity risk and cash flow risk arises in the normal course of the Company's business.

Price risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. All cash balances and investments are held with strong investment-grade banks or financial institutions.

Liquidity risk is the risk that the company has insufficient cash and cash equivalents to meet its financial obligations as they fall due. Cash forecasts identifying the liquidity requirements of the Company are produced frequently and reviewed regularly. Liquidity risk is managed through funding arrangements with Group undertakings.

Directors' Report for the Period from 18 September 2021 to 17 September 2022 (continued)

Employees

The Company is committed to an active equal opportunities policy from recruitment and selection, through training and development, performance reviews and promotions to retirement. It is our policy to promote an environment free from discrimination, harassment and victimisation, where everyone receives equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. All decisions relating to employment practices are objective, free from bias and based solely upon work criteria and individual merit.

It is our policy that people with disabilities who fulfil the minimum criteria should have full and fair consideration for all vacancies. We endeavour to retain employees in the workforce if they become disabled during employment. It is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee engagement

The Company's Board acknowledges that employee engagement is critical to our success and seeks to create an environment in which employees are fully engaged with business objectives and have a common awareness of internal and external factors affecting the performance and operation of the Company. The Company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005.

Employees are kept well informed of the performance and strategy of the Company through quarterly staff meetings, and the use of an employee engagement web application and workplace messaging web applications. These applications were used to share the principal decisions taken by the Company during the period that affected employees, particularly regarding the hotel closure and employment uncertainty. These applications also provide a platform for employee discussion and feedback on these matters and employees are actively encouraged to present their suggestions and views on the Company's performance.

Approved by the Board on 28 February 2023 and signed on its behalf by:

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Sir Guy Weston
Director

Independent Auditor's Report to the Members of Wittington Investments (Properties) Limited

Opinion

We have audited the financial statements of Wittington Investments (Properties) Limited (the 'Company') for the period ended 17 September 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 19, 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 17 September 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the Strategic Report and Directors' Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Strategic Report and the Directors' Report.

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 conclusions thereon.

Independent Auditor's Report to the Members of Wittington Investments (Properties) Limited (continued)

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 course of 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter 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 period 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 our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

Independent Auditor's Report to the Members of Wittington Investments (Properties) Limited (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the reporting framework (FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice), Companies Act 2006, GDPR, Bribery Act 2010 and relevant tax compliance regulations in the jurisdiction in which the Company operates.
- We understood how the Company is complying with those frameworks by making enquiries of management and observing the oversight of those charged with governance. We corroborated our enquiries through the review of the following documentation:
    - all minutes of board meetings held during the period; and
    - any relevant correspondence with local tax authorities.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by gaining an understanding of the entity level controls and policies that the Company applies. In doing so we focused on the value of investments held and designed and executed additional audit procedures to address the risk of material misstatement, placing emphasis on testing to third party confirmation.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved a focus on journals indicating large or unusual transactions or meeting our defined risk criteria based on our understanding of the business and enquiries of management.

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 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.

DocuSigned by:
Ernst & Young LLP
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Julie Carlyle (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
1 More London Place
London
United Kingdom
SE1 2AF

3 March 2023

Statement of Comprehensive Income
for the Period from 18 September 2021 to 17 September 2022

	Note	2022 £	2021 £
Turnover	4	10,818,540	10,428,719
Administrative expenses		(342,813)	(1,738,524)
Impairment expense		(3,101,156)	(6,177,425)
Other operating income		1,622,575	101,821
Operating profit	5	**8,997,146**	**2,614,591**
Income from investing activities	7	8,988,545	1,176,868
Income from financing activities	8	5,266	1,054
Expenses from financing activities	9	(120,107)	(858,381)
Profit before tax		**17,870,850**	**2,934,132**
Taxation	10	(3,330,844)	(558,428)
Profit for the period		**14,540,006**	**2,375,704**
Other comprehensive income		-	-
Total comprehensive income for the period		**14,540,006**	**2,375,704**

The above results for the period were derived from continuing operations.

Balance Sheet as at 17 September 2022

	Note	2022 £	2021 £
Non-current assets			
Intangible assets	13	-	18,640
Property, plant and equipment	11	144,602	42,064
Investment properties	12	212,459,351	208,606,147
Investments in subsidiaries	14	101	101
Investments in associates	14	1,241,375	2,234,861
		213,845,429	210,901,813
Current assets			
Trade and other receivables	15	8,489,808	9,518,878
Cash at bank and in hand		13,088,640	17,540,018
		21,578,448	27,058,896
Total assets		**235,423,877**	**237,960,709**
Current liabilities			
Trade and other payables	16	(176,336,507)	(150,336,405)
Loans and borrowings	17	-	(45,550,000)
Income tax	10	(3,821,021)	(1,347,961)
		(180,157,528)	(197,234,366)
Non-current liabilities			
Loans and borrowings	17	-	-
Total liabilities		(180,157,528)	(197,234,366)
Net assets		**55,266,349**	**40,726,343**
Equity			
Called up share capital	18	1	1
Retained earnings		55,266,348	40,726,342
Total equity		**55,266,349**	**40,726,343**

Approved by the Board on 28 February 2023 and signed on its behalf by:

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Sir Guy Weston
Director

The notes on pages 13 to 26 form an integral part of these financial statements.

Statement of Changes in Equity for the Period from 18 September 2021 to 17 September 2022

	Share capital £	Retained earnings £	Total £
At 13 September 2020	1	38,350,638	38,350,639
Profit for the period	-	2,375,704	2,375,704
Other comprehensive income	-	-	-
Total comprehensive expense	-	2,375,704	2,375,704
At 18 September 2021	**1**	**40,726,342**	**40,726,343**
At 19 September 2021	1	40,726,342	40,726,343
Profit for the period	-	14,540,006	14,540,006
Other comprehensive income	-	-	-
Total comprehensive income	-	14,540,006	14,540,006
At 17 September 2022	**1**	**55,266,348**	**55,266,349**

The notes on pages 13 to 26 form an integral part of these financial statements.

Notes to the Financial Statements for the Period from 18 September 2021 to 17 September 2022

1 General information

The accounting reference date of the Company is the Saturday nearest to 15 September. Accordingly, these financial statements have been prepared to 17 September 2022.

The presentational and functional currency of these financial statements is sterling.

2 Basis of preparation

The Company financial statements have been prepared in accordance with FRS 101: 'Reduced Disclosure Framework'. The Company applies the recognition, measurement and disclosure requirements of applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The following accounting standards and amendments were adopted during the period and had no significant impact on the Company's Financial Statements:

- Amendments to IFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying IFRS 9;
- Amendment to IFRS 16 Leases (COVID-19-Related Rent Concessions beyond 30 June 2021); and
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2. Financial authorities have announced the timing of key interest rate benchmark replacements such as LIBOR in the UK, the US and the EU and other territories, with remaining USD tenors expected to cease in 2023.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash flow statement and related notes, presentation of comparative information in respect of certain assets, certain related party transactions, capital management, compensation of Key Management Personnel, financial instruments and effects of standards not yet effective. Where required, equivalent disclosures are given in the consolidated financial statements of Wittington Investments Limited which is the Company's ultimate parent undertaking.

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. The Company is incorporated and domiciled in England and Wales.

Measurement convention

The financial statements are prepared on historical cost basis except for financial instruments required to be measured at fair value through profit or loss or other comprehensive income, and those financial assets so designated at initial recognition.

Notes to the Financial Statements for the Period from 18 September 2021 to 17 September 2022 (continued)

2 Basis of preparation (continued)

Going concern

The going concern basis has been applied in these financial statements. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Having reviewed the Board's best estimate of future cash flow to February 2024 and letters of comfort provided by the ultimate parent company Wittington Investments Ltd (Wittington), the possibility that the financial headroom could be exhausted is considered to be extremely remote. The directors understand the risks, sensitivities and judgements included in the cash flow forecast and have a high degree of confidence in these cash flows. There is substantial financial headroom between this cash flow forecast and the cash on hand and funding available to the Company over the period.

3 Accounting policies

Critical accounting judgements and key sources of estimation uncertainty

In application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience or other factors that are 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 prospectively.

The carrying value of investments is a critical accounting judgement. The Company undertakes an annual review of its investments for indicators of impairment and tests for impairment where such an indicator arises.

Summary of significant accounting policies and key accounting estimates

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Company Financial Statements.

Revenue recognition

Rental income from investment properties arising under operating leases is recognised on a straight-line basis over the lease term which includes applying adjustments for lease incentives, such as rent free periods and contributions towards tenant costs.

No investment property leases are classified as finance leases.

Other income

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.

Notes to the Financial Statements for the Period from 18 September 2021 to 17 September 2022 (continued)

3 Accounting policies (continued)

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is the tax expected to be payable on taxable income for the period, using tax rates enacted or substantively enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of all temporary differences identified at the balance sheet date. Temporary differences are differences between the carrying amount of the Company's assets and liabilities and their tax base. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the asset is realised or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when the Company has 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.

Deferred tax assets that are not eligible for offset against deferred tax liabilities are recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits in the foreseeable future, against which the deductible temporary difference can be utilised.

Intangible assets

Intangible assets are amortised on a straight-line basis over their estimated useful lives from the date they are available for use. The estimated useful life of software development costs is deemed to be 3 years.

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Useful economic life
Computer software	3 years

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Useful economic life
Furniture and fittings	5 years

Notes to the Financial Statements for the Period from 18 September 2021 to 17 September 2022 (continued)

3 Accounting policies (continued)

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.

Financial instruments

Financial assets and financial liabilities are recognised in the Company Balance Sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company no longer has the rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

(a) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

(b) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

(c) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds received. Own equity instruments that are reacquired (treasury or own shares) are deducted from equity. No gain or loss is recognised in the Statement of Comprehensive Income on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Notes to the Financial Statements for the Period from 18 September 2021 to 17 September 2022 (continued)

3 Accounting policies (continued)

(e) Interest-bearing loans and other borrowings

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.

Impairment

The carrying amount of the Company's investments and other assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment charge is recognised in the Statement of Comprehensive Income whenever the carrying amount of an asset exceeds its recoverable amount.

An impairment charge is reversed if there has been a change in the estimates used to determine the recoverable amount, but only to the extent that the new carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment charge had been recognised.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are held at cost less impairment.

Dividend income is recognised when a dividend is declared by the subsidiaries and associates in which the company has invested.

4 Turnover

The analysis of the company's turnover for the period from continuing operations is as follows:

	2022 £	2021 £
Rental income from investment property	10,818,540	10,428,719

5 Operating costs

Stated after charging/(crediting):

	2022 £	2021 £
Employee benefits expense	750,719	709,666
Amortisation of intangible assets	18,640	18,640
Depreciation of property, plant and equipment	12,776	4,674
Impairment expense (net of reversals of previous impairment charges)	3,101,156	6,177,424
Surrender premiums	(2,957,160)	(95,750)
Direct operating expenses for properties generating rental income	1,969,707	782,245
Direct operating expenses for properties not generating rental income	548,130	79,305
Other operating income	(1,622,575)	(101,821)

Notes to the Financial Statements for the Period from 18 September 2021 to 17 September 2022 (continued)

5 Operating costs (continued)

Impairment losses of £4,549,290 (2021: £6,177,424) were recognised in the Statement of Comprehensive Income to reflect the fair value of investment properties as determined by an independent valuer. The impairments were limited to the retail sector, reflecting prevailing market conditions. An impairment of £1,448,134 was reversed following the sale of a property in Glasgow during 2022.

Other operating income includes dilapidation income of £1,542,840 (2021: £70,255) and insurance rebates of £79,735 (2021: £31,566).

Auditor's remuneration	**2022** **£**	**2021** **£**
Audit fees payable to the Company's auditor (borne by the parent company)	7,000	6,124

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated financial statements of the Company's ultimate parent, Wittington Investments Limited.

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022 **£**	**2021** **£**
Wages and salaries	632,946	604,108
Social security costs	83,943	78,924
Contributions to defined contribution scheme	33,830	26,634
	750,719	**709,666**

The average number of persons employed by the company (including directors) during the period, analysed by category was as follows:

	2022 **No.**	**2021** **No.**
Administration and support	3	3

The directors of the Company were remunerated as employees of Wittington Investments Limited. The Company has taken advantage of the requirement not to disclose directors' remuneration when it is paid by a management entity.

Notes to the Financial Statements for the Period from 18 September 2021 to 17 September 2022 (continued)

7 Income from investing activities

	2022 £	2021 £
Gains on disposal of assets	8,950,782	1,079,923
Dividend income	37,763	96,945
	8,988,545	**1,176,868**

During the period the company recognised a gain on the sale of a property in Glasgow. In addition to that, the company received dividends from Vanneck Residential LLP.

8 Income from financing activities

	2022 £	2021 £
Interest income on bank deposits	5,266	1,054

9 Expenses from financing activities

	2022 £	2021 £
Interest on bank overdrafts and borrowings	120,107	858,381

10 Income tax

Tax (charged)/credited in the statement of comprehensive income

	2022 £	2021 £
Current taxation		
UK corporation tax at 19% (2021: 19%)	(3,821,021)	(1,347,961)
Over provided in prior periods	490,177	789,533
	(3,330,844)	(558,428)
Deferred taxation		
Deferred tax credit	-	-
Total income tax charge in Statement of Comprehensive Income	**(3,330,844)**	**(558,428)**

Notes to the Financial Statements for the Period from 18 September 2021 to 17 September 2022 (continued)

10 Income tax (continued)

Reconciliation of effective tax rate	**2022 £**	**2021 £**
Profit before tax	17,870,850	2,934,132
Nominal tax charge at standard rate of corporation tax of 19% (2021: 19%)	(3,395,461)	(557,485)
Dividends from UK companies not subject to corporation tax	7,175	18,420
Expenses not allowable for corporation tax	(458,209)	(996,102)
Non-taxable income	1,700,649	205,185
Adjustment to tax charge in respect of previous periods	490,177	789,533
Share of partnership results	(17,855)	(17,979)
Capital gain	(1,657,320)	-
Total income tax charge in Statement of Comprehensive Income	**(3,330,844)**	**(558,428)**

Finance Bill 2021 which was substantively enacted on 24 May 2021 increased the main rate of corporation tax in the UK to 25% with effect from 1 April 2023.

11 Property, plant and equipment

	Fixtures and fittings £
Cost or valuation	
At 18 September 2021	46,738
Additions	115,314
At 17 September 2022	162,052

Notes to the Financial Statements for the Period from 18 September 2021 to 17 September 2022 (continued)

11 Property, plant and equipment (continued)

	Fixtures and fittings £
Depreciation and impairment	
At 18 September 2021	(4,674)
Charge for the period	(12,776)
At 17 September 2022	(17,450)
Net book value	
At 17 September 2022	**144,602**
At 18 September 2021	42,064

12 Investment properties

	2022 £	2021 £
Cost		
At 18 September 2021	249,743,346	252,811,221
Additions	32,140,591	1,901,267
Disposals	(25,186,231)	(4,969,142)
At 17 September 2022	256,697,706	249,743,346
Depreciation		
At 18 September 2021	(41,137,199)	(35,278,917)
Eliminated on disposal	1,448,134	319,142
Impairment	(4,549,290)	(6,177,424)
At 17 September 2022	(44,238,355)	(41,137,199)
Carrying amount		
At 17 September 2022	**212,459,351**	**208,606,147**
Fair value at 17 September 2022	236,364,280	235,275,000

The fair value of the investment properties is primarily calculated using an income capitalisation approach. The key assumption is yield, the range used is between 2% and 12% (2021: 3% and 9%).

Impairment losses of £4,549,290 (2021: £6,177,424) have primarily been recognised against properties with tenants operating in the retail sector reflecting the poor economic outlook for that sector. An impairment of £1,448,134 was reversed following the sale of a property in Glasgow during 2022.

Notes to the Financial Statements for the Period from 18 September 2021 to 17 September 2022 (continued)

13 Intangible assets

	Software development costs £
Cost	
At 18 September 2021	55,920
At 17 September 2022	55,920
Amortisation and impairment	
At 18 September 2021	(37,280)
Amortisation charge	(18,640)
At 17 September 2022	(55,920)
Net book value	
At 17 September 2022	**-**
At 18 September 2021	18,640

14 Investments in subsidiaries and associates

	Subsidiaries £	Associates £	Total investments £
Cost			
At 18 September 2021	101	2,234,861	2,234,962
Disposals	-	(993,486)	(993,486)
At 17 September 2022	101	1,241,375	1,241,476
Net book value			
At 17 September 2022	**101**	**1,241,375**	**1,241,476**
At 18 September 2021	101	2,234,861	2,234,962

Notes to the Financial Statements for the Period from 18 September 2021 to 17 September 2022 (continued)

14 Investments in subsidiaries and associates (continued)

Subsidiaries

Details of the subsidiaries as at 17 September 2022 are as follows:

Name of subsidiary	Principal activity	Registered office address	Proportion of ownership interest and voting rights held	
			2022	2021
Avery Row Management Limited	Property management	Weston Centre, 10 Grosvenor Street, London, W1K 4QY, United Kingdom	100%	100%
Listergate Student Holdings Limited	Property management	Weston Centre, 10 Grosvenor Street, London, W1K 4QY, United Kingdom	100%	100%

Associates

Details of the associates as at 17 September 2022 are as follows:

Name of associate	Principal activity	Registered office address	Proportion of ownership interest and voting rights held	
			2022	2021
Vanneck Residential LLP	Property development	Parker Cavendish, 28 Church Road, Stanmore, Middlesex, England, HA7 4XR, United Kingdom	41%	41%

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial periods were as follows:

	Principal activity	Period ending	Capital and reserves £	Profit/(loss) for the period £
Vanneck Residential LLP	Property development	31 March 2021	9,193,290	216,294

Notes to the Financial Statements for the Period from 18 September 2021 to 17 September 2022 (continued)

15 Trade and other receivables

	2022 £	2021 £
Trade receivables	1,954,955	2,463,117
Amounts owed by related parties	1,864,063	2,370,510
Accrued income	2,864,866	2,196,869
Prepayments	1,261,912	334,295
Taxation and social security	461,133	219,706
Other debtors	82,879	1,934,381
	8,489,808	**9,518,878**

The directors consider that the carrying amount of receivables approximates their fair value due to the short maturities or otherwise immediate or short-term access and realisability.

16 Trade and other payables

	2022 £	2021 £
Trade payables	452,921	762,652
Amounts due to related parties	172,843,974	146,711,490
Accrued expenses	2,312,612	1,178,599
Deferred income	727,000	1,683,664
	176,336,507	**150,336,405**

Trade payables are non-interest bearing and normally settled on 30 day terms. Other payables are non-interest bearing and are normally on an average term of 3 months. Amounts owed to group undertakings are non-interest bearing and are payable on demand. Amounts in other payables includes amounts due to be redistributed to charitable causes.

The directors consider that the carrying amount of payables approximates their fair value due to the short maturities or otherwise immediate or short-term access and realisability.

Notes to the Financial Statements for the Period from 18 September 2021 to 17 September 2022 (continued)

17 Loans and borrowings

	2022 £	2021 £
Non-current loans and borrowings		
Bank borrowings	-	-
Current loans and borrowings		
Bank borrowings	-	45,550,000

18 Share capital

Issued, allotted, called up and fully paid shares

	2022		2021	
	No.	**£**	**No.**	**£**
Ordinary shares of £1 each	1	1	1	1

19 Parent and ultimate parent undertaking

The company's immediate and ultimate parent is Wittington Investments Limited.

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

Notes to the Financial Statements for the Period from 18 September 2021 to 17 September 2022 (continued)

19 Parent and ultimate parent undertaking (continued)

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Wittington Investments Limited, incorporated in England.

The address of Wittington Investments Limited is:
Weston Centre
10 Grosvenor Street
London
W1K 4QY
England

Wittington Investments Limited is also the smallest group in which these financial statements are consolidated.