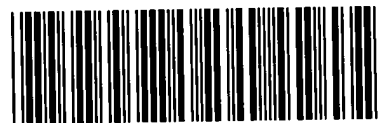


Registered number
08246945

Wiltshire Ground Rents Limited
Report and Financial Statements
30 September 2020

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Wiltshire Ground Rents Limited
Report and Financial Statements
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Wiltshire Ground Rents Limited
Company Information

Directors

James Agar
Christopher Moore

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
No 1 Spinningfields
1 Hardman Square
Manchester
M3 3EB

Registered office

1 London Wall Place
London
EC2Y 5AU

Registered number

08246945

Wiltshire Ground Rents Limited

Registered number: 08246945

Strategic Report

The Directors present their Strategic report on the Company for the year ended 30 September 2020.

Review of the business, principal activities and future developments

The Company's principal activity during the year continued to be the operation of a property investment and rental business. The Company owns the ground rents of Wiltshire Leisure Village Lodges in England.

The Company will continue to collect ground rent income due under the terms of the leases and maximise returns to shareholders.

Position and performance

The profit for the financial year was £294,787 (2019: loss £30,060). The net asset position of the Company at year end was £983,293 (2019: £688,506).

Investment strategy

The Company has acquired and intends to continue to acquire ground rents. Ground rents can comprise of freeholds and long dated head leases of residential, retail and commercial properties in the United Kingdom. These interests have and will have a pre-determined long-term income stream from the lease and, ultimately, when the lease comes to an end, a reversionary value.

Key performance indicators ('KPIs')

Due to the straightforward nature of the business, the Directors do not feel it is necessary to report KPIs in order to understand the performance of the Company.

Principal risks and uncertainties

Investment market conditions

A systematic fall in the valuation of real estate could lead to a fall in the Company's net asset value. Valuations are linked to multiples of the ground rent payable and ground rents payable are subject to pre-determined, contractual review dates and amounts. The multiples vary according to market sentiment, the nature of the rent review and the time until the next rent review.

Investment performance

The returns to investors, over the long term, are dependent on the income stream from ground rents and any movement in the valuation of the underlying assets. Income from the collection of ground rents is one of the most secure sources of income available in the UK, due to the ability of a freeholder and/or head leaseholder to forfeit the lease on any property where the leaseholder fails to pay the ground rent.

Real Estate Investment Trust ('REIT') rules

The Company forms part of a group known as Ground Rents Income Fund plc ('the Group') which must remain compliant with the REIT rules in order to take advantage of the potential efficiencies in its tax affairs, including exemption from UK corporation tax on profits and gains from its UK property rental business. The Directors receive a quarterly report on the Group's compliance with the REIT rules and take independent tax advice on the conduct of its business to ensure that it remains compliant with the REIT regime.

The impact of Coronavirus ('Covid-19')

In March 2020, the World Health Organisation declared a global pandemic owing to the spread of Covid-19. Since the onset of Covid-19, the Company has implemented more accommodative revenue collection practices by extending the arrears process, temporarily suspending late payment fees, accepting extended payment terms where appropriate and encouraging leaseholders experiencing genuine financial hardship to engage with its external advisors.

Despite these amended collection processes, and the restrictions of the Coronavirus Act 2020, there has been minimal reduction in ground rent collection as at the signing date.

The Company has considered the impact of Covid-19 on the recoverability of its assets including trade and other receivables and consider these not to have been impaired due to Covid-19 at the statement of financial position date. The Directors will continue to monitor the ability of leaseholders to pay in future.

Financial risk management

The Company's financial risk management is set out in note 10 to the financial statements.

Wiltshire Ground Rents Limited

Registered number: 08246945

Strategic Report

Future developments

The Directors continue to seek suitable ground rent acquisitions.

Leasehold Reform

In January 2020 the Law Commission ("LC") published its report on enfranchisement, setting out three primary options that aim to reduce enfranchisement costs payable by leaseholders, while ensuring sufficient compensation is paid to landlords. The options principally focused on the component parts of the premium calculation, including the abolition of Marriage Value for short-dated or reversionary ground rents (sub 80 years unexpired term) which the Company does not invest in. The LC's recommendations were therefore generally positive for the Company and were designed to promote a simplified system for leaseholders, whilst considering the legitimate property interests of wider stakeholder investors.

Following the period end, in January 2021 Government set out high level proposals based on the LC's recommendations. The proposals are in line with the previous guidance, but important areas of detail remain unclear, specifically the proposed methodology for an online calculator and the proposed 0.1% of market value cap on the quantum of ground rent that can be capitalised in the premium calculation.

The Leasehold Reform (Ground Rent) Bill, which is expected to be enacted in 2021, introduces legislation requiring that ground rents in new residential long leases have no financial value. Legislation relating to enfranchisement reform is expected by the end of Parliament 2024.

Building Safety Reform

In January 2020, Government announced new measures to improve building safety standards. The proposed legislation will strengthen the regulatory system for building safety, ensuring greater accountability and responsibility throughout the lifecycle of a building, and will implement many of the recommendations from the Grenfell Tower Inquiry Phase 1 report.

Under the proposals, Landlord and Tenant legislation will be updated to include a new Building Safety Charge, which applies to all buildings and sits outside the confines of a development's lease. This new charge will be separate to the service charge but will create a mechanism to recover the costs of safety-related works such as cladding replacement, fire-related façade works or the installation of fire detection measures.

In February 2021, Government announced a further £3.5 billion funding for the Building Safety Fund ("BSF") which was in addition to the £1 billion announced in March 2020. For buildings under 18 metres high, a long-term loan scheme will be created with a cap of £50 a month for repayments by any leaseholder.

Inflation and Retail Price Index ("RPI") reform

In 2019, the Government pledged to bring RPI in line with the Consumer Prices Index including occupiers, housing costs, a measure called CPIH. Following a joint consultation with the UK Statistics Authority ("UKSA") to which the Group responded in detail, the Government has announced that RPI will be aligned with CPIH no earlier than February 2030.

Competition and Market Authority Investigation

In June 2019, the CMA launched an investigation into whether there had been breaches of consumer law in the leasehold housing market. The investigation concerned two areas; potential mis-selling and potentially unfair terms.

In September 2020 the CMA confirmed that, at that time and in line with their prioritisation principles, it was not taking enforcement action against the Company. As part of its ongoing review of the leasehold sector, the CMA will continue to investigate certain firms, such as investment companies, which bought freeholds from these developers and have continued to use the same leasehold contract terms. We will continue to monitor the CMA's ongoing investigation, including the enforcement action cases.

On behalf of the Board

Christopher Moore
Director



30 June 2021

Wiltshire Ground Rents Limited

Registered number: 08246945

Directors' Report

The Directors present their report and audited financial statements for the year ended 30 September 2020.

Principal activities

The Company operates a property investment and rental business and generates its revenue from the collection of ground rents and ancillary income from its freehold and head leases.

The profit for the financial year was £294,787 (2019: loss £30,060). The net asset position of the Company at year end was £983,293 (2019: £688,506).

Future developments

The Directors will continue to operate the property investment and rental business to maximise returns for the shareholders and to seek suitable ground rent acquisitions.

Financial instrument risk

The Company's financial risk management is set out in note 10 to the financial statements.

Dividends

The Company did not pay an interim dividend to its parent company Ground Rents Income Fund plc (2019 : £114,701).

The Directors do not recommend payment of a final dividend (2019 : £nil).

Events after the reporting period

Details of any events after the year end date can be found in note 16 to the financial statements.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

James Agar

Christopher Moore

Directors' indemnity insurance

The parent entity, Ground Rents Income Fund plc, has entered into Directors & Officers Insurance to cover itself and its subsidiaries with a qualifying third party indemnity provider. This was in force during the financial year and also at the date of approval of the financial statements.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

Wiltshire Ground Rents Limited

Registered number: 08246945

Directors' Report

Statement of Directors' responsibilities in respect of the financial statements (*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.

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report was approved by the Board and signed on its behalf by:



Christopher Moore
Director

30 June 2021

Wiltshire Ground Rents Limited

Independent auditors' report to the members of Wiltshire Ground Rents Limited

Report on the audit of the financial statements

Opinion

In our opinion, Wiltshire Ground Rents Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2020 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 30 September 2020; the Statement of Comprehensive Income, the Statement of Cash Flows, and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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.

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.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Wiltshire Ground Rents Limited

Independent auditors' report to the members of Wiltshire Ground Rents Limited

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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 an auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Daniel Brydon (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

30 June 2021

Wiltshire Ground Rents Limited
Statement of Comprehensive Income
for the year ended 30 September 2020

	Note	2020 £	2019 £
Continuing operations			
Revenue	3	111,724	108,975
Administrative expenses		(14,937)	(35)
Net revaluation on investment properties	7	198,000	(139,000)
Operating profit/(loss)		<u>294,787</u>	<u>(30,060)</u>
Profit/(loss) before taxation	4	<u>294,787</u>	<u>(30,060)</u>
Taxation	6	-	-
Profit/(loss) after tax and total comprehensive income/(expense)		<u>294,787</u>	<u>(30,060)</u>

The accompanying notes from pages 12 to 18 form an integral part of the financial statements.

Continuing operations

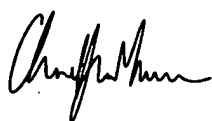
None of the Company's activities were acquired or discontinued during the above two financial years.

Wiltshire Ground Rents Limited
Statement of Financial Position
as at 30 September 2020

	Note	2020 £	2019 £
Assets			
Non-current assets			
Investment properties - ground rents	7	3,403,000	3,205,000
Total non-current assets		<u>3,403,000</u>	<u>3,205,000</u>
Current assets			
Trade and other receivables	8	50,540	48,107
Total assets		<u>3,453,540</u>	<u>3,253,107</u>
Current liabilities			
Trade and other payables	9	(2,470,247)	(2,564,601)
Total current liabilities		<u>(2,470,247)</u>	<u>(2,564,601)</u>
Net assets		<u>983,293</u>	<u>688,506</u>
Financed by:			
Equity			
Share capital	11	1	1
Retained earnings opening balance		688,505	718,565
Profit/(loss) for the financial year		294,787	(30,060)
Total equity		<u>983,293</u>	<u>688,506</u>

The accompanying notes from pages 12 to 18 form an integral part of the financial statements.

The financial statements on pages 8 to 18 were approved by the Board and signed on its behalf by:



Christopher Moore
Director

30 June 2021

Wiltshire Ground Rents Limited
Registered number: 08246945

Wiltshire Ground Rents Limited
Statement of Cash Flows
for the year ended 30 September 2020

	2020	2019
	£	£
Cash flows from operating activities		
Profit/(loss) before taxation	294,787	(30,060)
Adjustments for:		
Non-cash revaluation (profit)/loss	(198,000)	139,000
Operating cash flows before movements in working capital	<u>96,787</u>	<u>108,940</u>
Movements in working capital:		
Increase in trade and other receivables	(2,433)	(32,791)
Decrease in trade and other payables	(94,354)	(76,149)
Net cash generated from operations	<u>-</u>	<u>-</u>
Net movement in cash and cash equivalents	<u>-</u>	<u>-</u>
Net cash and cash equivalents at beginning of year	<u>-</u>	<u>-</u>
Net cash and cash equivalents at the end of the year	<u>-</u>	<u>-</u>

The accompanying notes from pages 12 to 18 form an integral part of the financial statements.

Wiltshire Ground Rents Limited
Statement of Changes in Equity
for the year ended 30 September 2020

	Share capital £	Retained earnings £	Total equity £
At 1 October 2018	1	833,266	833,267
Comprehensive expense			
Loss for the financial year	-	(30,060)	(30,060)
Total comprehensive expense	-	(30,060)	(30,060)
Transactions with owners			
Dividends paid	-	(114,701)	(114,701)
At 30 September 2019	1	688,505	688,506
At 1 October 2019	1	688,505	688,506
Comprehensive income			
Profit for the financial year	-	294,787	294,787
Total comprehensive income	-	294,787	294,787
At 30 September 2020	1	983,292	983,293

The accompanying notes from pages 12 to 18 form an integral part of the financial statements.

Wiltshire Ground Rents Limited

Notes to the financial statements for the year ended 30 September 2020

1 General information

The Company is a private company limited by shares, incorporated, registered and domiciled in England in the United Kingdom. The address of its registered office is 1 London Wall Place, London, EC2Y 5AU.

The Company's principal activity during the year was to operate a property investment and rental business and generate revenue from the collection of ground rents and ancillary income from its freehold and head leases.

2 Accounting policies

(a) Statement of compliance

The financial statements have been prepared in accordance with International Accounting Standards ("IASs") in conformity with the requirements of the Companies Act 2006.

(b) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties. They are presented in sterling, which is the Company's functional currency. The Directors continue to prepare the financial statements on a going concern basis. The accounting policies applied to the results, assets, liabilities and cash flows of the Company are consistent with those of the previous year other than as set out below.

(c) Adoption of new and revised standards

During the year, the Company adopted the following standards:

IFRS 16 – Leases

The new standard requires recognition on the statement of financial position for the head rent payable by a lessee over the lease term. For lessees, it will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases will be removed. The accounting for lessors has not significantly changed.

The Company adopted IFRS 16 Leases on 1 October 2019. This standard does not impact the Company's financial position since it is a lessor of investment properties and has no other operating leases.

IFRS 3 – Business Combinations

Amendments to IFRS 3 Business Combinations (subject to EU endorsement) and effective for financial years commencing on or after 1 January 2020 provides a revised framework for evaluating a business and introduces an optional 'concentration test'. The amendment will impact the assessment and judgements used in determining whether future property transactions represent an asset acquisition or business combination. As a result of the amendment it is expected that future transactions are more likely to be treated as an asset acquisition.

Additional new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(d) Going concern

The Covid-19 pandemic has impacted global financial markets, including many sectors of the real estate market. During the financial year the ground rent investment market saw a steady, if reduced, number of transactions taking place at broadly stable pricing.

There has been minimal reduction in ground rent collection from consumers as at the signing date. Furthermore, the Directors have prepared models for a period in excess of 18 months that consider the level of cash resources required to meet the ongoing needs of the business. The Directors have formed a judgement based on the above, and after making enquiries at the time of approving the financial statements, that the Company has sufficient resources to continue as a going concern for the foreseeable future. A letter of support has been obtained from the parent company stating that its loan to the Company will not be recalled until the Company has sufficient funds to pay it.

Wiltshire Ground Rents Limited

Notes to the financial statements for the year ended 30 September 2020

2 Accounting policies (continued)

(e) Capital management

The capital of the Company is managed on its behalf by the Company's ultimate controlling party, Ground Rents Income Fund plc, along with the capital of all the subsidiaries in the associated group, which consists of cash held across different bank accounts in several banking institutions. Further information regarding the capital management can be found within the financial statements of the parent company, Ground Rents Income Fund plc.

(f) Revenue

Revenue represents the value of ground rent income due in the period together with any supplementary income earned in the year, including tenant notice fees and other income. Ground rent revenue is recognised on a straight line basis over the term receivable.

(g) Investment properties - ground rents

Ground rents are carried in the statement of financial position at their open market value. The Directors have applied the fair-value model in IAS 40 - Investment Property. Properties are revalued at the year end date by an independent valuer. Expenses that are directly attributable to the acquisition of a ground rent are capitalised into the cost of investment. Gains and losses on changes in fair value of ground rent assets are recognised in the income statement. The Directors instruct the independent valuers biannually and, in addition, on acquisition of investment properties as the need arises. Gains and losses on changes in fair value are recognised at the time of each valuation.

(h) Critical accounting estimates and judgements

The preparation of financial information requires the use of assumptions, estimates and judgements about future conditions. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future may differ from those reported. In this regard, management believes that the accounting policies where judgement is necessarily applied are those that relate to valuations. The estimation of the underlying assumptions are reviewed on an ongoing basis.

The valuation of investment properties is dependent on external factors such as the availability of fixed rate investments in the market as well as factors specific to the nature of the investment. While interest rates remain low, ground rents are viewed as attractive investments due to the secure, fixed income streams. The value is also dependent on the timing and amount of future rental uplifts, the most attractive being those linked to RPI with rental cycles of 10 years or less. The least attractive are those ground rents which are flat with no future uplifts.

Property valuations often refer to the YP multiple, otherwise known as Years Purchase (equivalent to the valuation divided by the current ground rent).

Valuations are provided by an independent third-party valuer and reviewed carefully by the Directors before inclusion in the financial statements. Further information about the valuation can be found in note 7.

(i) Taxation

Tax on the result for the year comprises current tax and any adjustments relating to prior years. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the year end date.

(j) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently held at amortised cost less an allowance for any uncollectable amounts. On initial recognition and at each period end the Company calculates the expected credit loss for the receivables based on lifetime expected credit losses under the IFRS9 simplified approach.

Wiltshire Ground Rents Limited

Notes to the financial statements for the year ended 30 September 2020

2 Accounting policies (continued)

(k) Trade and other payables

Trade and other payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. They are classed as current liabilities if payment is due within one year or less. They are initially recognised at fair value and subsequently held at amortised cost.

(l) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's Directors.

3 Revenue

All revenue was generated in the United Kingdom.

4 Profit/(loss) before taxation

	2020 £	2019 £
This is stated after charging:		
Auditors' remuneration	-	-
Auditors' fee of £145,000 (2019: £88,935) for the group was borne by the parent company, Ground Rents Income Fund plc.		

5 Staff costs and director emoluments

There were no employees in the current or preceding year and hence staff costs were £nil (2019 : £nil).

The Directors did not receive any emoluments in respect of their services to the Company (2019 : £nil). The Directors' services to this Company and to a number of fellow subsidiaries are of a non-executive nature and accordingly, the financial statements do not include emoluments in respect of the Directors.

6 Taxation

Analysis of charge in year

	2020 £	2019 £
Current tax:		
UK corporation tax on profit of the year	-	-
Adjustments in respect of previous periods	-	-

Factors affecting tax charge for year

The Company is part of a group which is registered as a UK Real Estate Investment Trust. Entities under this HMRC regime pay tax only on their profits arising from non-property income at the standard UK Corporation tax rate.

The differences between the tax assessed for the year and the standard rate of corporation tax are explained as follows:

	2020 £	2019 £
Profit/(loss) before taxation	294,787	(30,060)
Standard rate of corporation tax in the UK	19.0%	19.0%
Profit/(loss) multiplied by the standard rate of corporation tax	56,010	(5,711)
Effects of:		
Unrealised revaluation (surplus)/deficit not taxable	(37,620)	26,410
Property profit not taxable under the REIT regime	(18,390)	(20,699)
Total tax charge for year	-	-

Wiltshire Ground Rents Limited

Notes to the financial statements for the year ended 30 September 2020

6 Taxation (continued)

Deferred tax

No deferred tax arises on revaluation of investment properties due to the REIT status of the Company. UK REITs are exempt from Capital Gains Tax on property sales.

Factors affecting current and future tax changes

As a UK REIT, the Group is exempt from corporation tax on the profits and gains from its property investment business, provided it meets certain conditions as set out in the UK REIT regulations. For the current year ended 30 September 2020, the Group did not have any non-qualifying profits and accordingly there is no tax charge in the year. If there were any non-qualifying profits and gains, these would be subject to corporation tax.

7 Investment properties - ground rents

	Ground rents £
Market value	
At 1 October 2018	3,344,000
Deficit on revaluation	(139,000)
At 30 September 2019	<u>3,205,000</u>
At 1 October 2019	3,205,000
Surplus on revaluation	198,000
At 30 September 2020	<u>3,403,000</u>
Net book value	
At 30 September 2020	<u>3,403,000</u>
At 30 September 2019	<u>3,205,000</u>

The Company's investment in ground rents was valued at 30 September 2020 by Savills at open market value. The historical cost of the investment properties is £2,538,285 (2019 : £2,538,285).

Fair value hierarchy

Non-financial assets carried at fair value, as is the case for investment property held by the Company, are required to be analysed by level depending on the valuation method adopted under IFRS 13 'Fair Value Measurement'.

The fair value hierarchy has the following

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs).

There have been no transfers between the levels of the fair value hierarchy during the year. All investment property held by the Company is classified as Level 3.

Key assumptions within the basis of fair value

The value of each of the properties has been assessed in accordance with the relevant parts of the Royal Institution of Chartered Surveyors Valuation – Global Standards 2020, incorporating the IVSC International Valuations Standards (the "Red Book Global Standards"), which is consistent with IFRS 13 measurement requirements. The RICS Red Book provides two definitions of fair value. The one appropriate for the IFRS basis of accounting is as follows:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".

The commentary under VPS 4 (1.5.3) of the Red Book states that, for most practical purposes, fair value is consistent with the concept of market value and there is no difference between the two.

Wiltshire Ground Rents Limited

Notes to the financial statements for the year ended 30 September 2020

7 Investment properties - ground rents (continued)

The Company's investment property was revalued at 30 September 2020 by Savills Advisory Services Limited ("Savills"). The valuer has confirmed to the Directors that the fair value as set out in the valuation report has been primarily derived using comparable recent market transactions on an arm's length basis.

The valuer within Savills is a RICS Registered Valuer. The Directors instruct the independent valuers biannually and, in addition, on acquisition of investment properties as the need arises. The valuation of ground rent investment properties takes into account external factors such as legislative reform, interest rates and the availability of other fixed rate investments in the market.

The valuation of a ground rent investment property is principally dependent on the aggregate income generated, and the potential for this to increase in future through rent reviews. The most valuable ground rent investment property assets are those which are RPI linked with reviews every 10 years or less. Other types of ground rents are 'doubling' where the rent doubles at a fixed time interval and 'fixed increases' where the uplifts are fixed and detailed in the lease. The least attractive ground rents are those which are flat with no future rental increases which attract the lowest Years Purchase ("YP") multiple and the highest yield.

The table below shows the principal sensitivity to the key valuation metrics and the resultant change to the valuation.

	+/- effect on valuation	
	£	
Impact on fair value of 1 YP change		113,420
8 Trade and other receivables	2020	2019
	£	£
Trade receivables	50,540	35,884
Other receivables	-	4,063
Other taxes and social security costs	-	8,160
	<u>50,540</u>	<u>48,107</u>

The ageing analysis of trade receivables is as follows:

	2020	2019
	£	£
Up to 3 months	42,472	33,087
Over 3 months	8,068	2,797
	<u>50,540</u>	<u>35,884</u>

9 Trade and other payables

	2020	2019
	£	£
Amounts owed to Group undertakings	2,426,759	2,469,932
Other taxes and social security costs	5,579	-
Accruals and deferred income	37,909	94,669
	<u>2,470,247</u>	<u>2,564,601</u>

The amounts owed to Group undertakings are unsecured and repayable on demand. Interest is not charged. It has been confirmed that the loan will not be demanded unless the Company has funds available to pay. There is no maturity date on these borrowings.

Wiltshire Ground Rents Limited

Notes to the financial statements for the year ended 30 September 2020

10 Financial instruments

The Company's financial instruments are comprised of various items such as trade and other receivables and trade and other payables which arise from its operations. The Company does not have any 'debt instruments' or 'derivatives' or 'equity instruments' as defined by IFRS 9.

Financial instruments carried at amortised cost

The book value and fair value of the Company's principal financial instruments were as follows. For other financial assets and liabilities, which are all short term in nature, the carrying value approximates to the fair value.

Assets	Book Value	Fair Value
	£	£
Trade and other receivables		
30 September 2020	50,540	50,540
30 September 2019	<u>48,107</u>	<u>48,107</u>

As of 30 September 2020 no trade receivables (2019: £nil) were impaired or provided for.

Liabilities	Book Value	Fair Value
	£	£
Trade and other payables		
30 September 2020	(2,470,247)	(2,470,247)
30 September 2019	<u>(2,564,601)</u>	<u>(2,564,601)</u>

Financial risk management

The financial risk management objectives and policies applied by the Company are in line with those of the parent company and Group and are as follows:

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maximise the interest return on funds which have yet to be invested while ensuring there is enough free cash to meet day to day liabilities. In order to maintain or adjust the capital structure the Directors have the option to adjust the dividends paid to shareholders, return cash to shareholders, sell assets or delay purchase of additional assets. The Group monitors capital through cash and dividend forecasts which are prepared and reviewed on a quarterly basis.

Credit risk

Cash deposits are placed with a number of financial institutions whose financial strength has been considered by the Directors based on advice received from the Group's Investment Manager, Schroder Real Estate Investment Management Limited. The panel of suitable counterparties is subject to regular review by the Board.

Interest rate risk

The parent company places excess cash of the Group on deposit in interest bearing accounts to maximise returns.

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due. The Directors manage and monitor short-term liquidity requirements to ensure that the Group maintains a surplus of immediately realisable assets over its liabilities, such that all known and potential cash obligations can be met.

11 Share capital	2020	2019
Allotted, called up and fully paid:		
Ordinary shares - nominal value (£)	1	1
- number	<u>1</u>	<u>1</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

Wiltshire Ground Rents Limited

Notes to the financial statements for the year ended 30 September 2020

12 Dividends

It is the policy of the Company to pay dividends to its parent company from distributable reserves.

	2020	2019
	£	£
Dividends paid to the parent company in the year	-	114,701

13 Contingent liabilities

Wiltshire Ground Rents Limited has provided a composite cross guarantee in favour of Santander UK plc in respect of GRIF048 Limited's bank loan.

14 Related party transactions

The Company's balance with its parent company Ground Rents Income Fund plc, was £2,426,759 at the year end date (2019 : £2,469,932).

15 Ultimate controlling party

The immediate and ultimate parent undertaking is Ground Rents Income Fund plc, a company registered in England and Wales. Ground Rents Income Fund plc is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 30 September 2020. In the opinion of the Directors this is the Company's ultimate controlling party. Consolidated financial statements are available from the registered office, 1 London Wall Place, London, EC2Y 5AU.

16 Events after the year end date

There were no events after the year end date of note.