

Company Registration No. 08422737

Walworth Investment Properties Limited

Annual Report and Financial Statements

for the year ended 31 December 2022



Walworth Investment Properties Limited

Annual Report and Financial Statements 31 December 2022

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Walworth Investment Properties Limited

Officers and professional advisers

Directors

F Cirillo
A R Giblin
S B Gorvy
M B Jenkins
D J Salvesen

Company Secretary

Hanover Management Services Limited

Registered Office

16 Hans Road
London
England
SW3 1RT

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Walworth Investment Properties Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2022.

This Directors' Report has been prepared in accordance with the special provisions relating to small companies under s415a of the Companies Act 2006.

Business review and principal activities

The company's principal activity is property investment. The business remained robust throughout 2022 despite growing market uncertainty caused by high inflation and fluctuations in interest rates during the year. Residential leasing performance were strong through the year with low void rates. Net rents were impacted by inflation in property costs. Our investment income remain strong and our interest cover remains comfortable and overall the business has produced good results. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

The principal activity of the company is to hold and rent investment properties, to meet its main financial objective to create shareholder value. The cyclical nature of the property markets raises the risk of variations in the value of our portfolio and there is the risk of valuation corrections in future years.

The results for the year are shown in the profit and loss account on page 8. The profit for the year is £1,851,895 (2021: loss £407,387). The position at the year end is shown on page 9 of the financial statements.

Going concern

The directors have assessed the impact of the current economic uncertainty on all aspects of the business, focussing specifically on operations and cash flows of the company. The company benefits from banking and treasury facilities with the group and has received a letter of support from its immediate parent company Dorrington Investment PLC and hence the assessment of the ability of the entity to continue as a going concern has been performed at a group level (including stress-testing of forecasts).

This stress-testing included assessing the levels of cash and available finance within the group assuming a very significant reduction in turnover, customer default or payment plans, reduced lettings and increased vacations at break and expiry. This has been offset by a review and postponement of uncommitted capital expenditure where necessary.

The directors have considered the ongoing availability of finance by modelling the impact on loan covenants of reduced income and significant decreases in valuations of properties. Even considering reasonably likely downside scenarios there are no covenant breaches forecast. The reverse stress test reflects the fact that trading sales and rental income would need to decline significantly, which has not been the group's experience to date.

Based on reviewing these forecasts and sensitivities and having considered the support of the group the directors have concluded that the company is a going concern for at least 12 months from the point of signing the financial statements and accordingly have prepared the financial statements on this basis. Further details regarding the adoption of the going concern basis can be found in note 1 of the financial statements.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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.

Walworth Investment Properties Limited

Directors' report (continued)

Directors' responsibilities statement (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.

Dividends

A dividend of £2,000,000 (4.7p per ordinary shares) was paid during the year (2021: £2,000,000, 4.7p per ordinary shares). No further dividends have been declared or paid up to the signing date.

Directors

All directors except for A J Leibowitz, S B Gorvy and F Cirillo served throughout the year and subsequently. A J Leibowitz resigned on 18 January 2022 and S B Gorvy and F Cirillo were appointed on 1 March 2022.

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors
and signed by order of the Board:



M B Jenkins
For and on behalf of
Hanover Management Services Limited
Company Secretary

19th May 2023

Walworth Investment Properties Limited

Independent auditor's report to the members of Walworth Investment Properties Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Walworth Investment Properties Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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 at least twelve 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Walworth Investment Properties Limited

Independent auditor's report to the members of Walworth Investment Properties Limited (continued)

Other information (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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act 2006 and UK tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included health and safety regulations, general data protection regulation and the Landlord and Tenant Act.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Walworth Investment Properties Limited

Independent auditor's report to the members of Walworth Investment Properties Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

Our significant risk in respect of fraud has been pinpointed to the valuation of investment properties at the year end. The process for valuing the properties is internal, therefore the risk has been pinpointed to the key assumptions used when determining the valuations.

- We obtained and tested an understanding of relevant controls in the valuation process; and
- We have challenged the key assumptions used by the valuation team, including those in respect of yields, discounts and expected rental values. In doing so, we have sought to benchmark against relative comparatives, evaluated contradictory evidence and obtained documentation and understanding in respect of key properties.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Walworth Investment Properties Limited

Independent auditor's report to the members of Walworth Investment Properties Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

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.

Andy Siddons

Andy Siddons FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

19th May 2023

Walworth Investment Properties Limited

Profit and loss account For the year ended 31 December 2022

	Notes	2022 £	2021 £
Turnover	1, 3	8,046,179	7,525,483
Direct property expenses		(3,860,918)	(4,107,551)
Gross profit		4,185,261	3,417,932
Administrative expenses		(40,797)	(35,083)
Unrealised gains on revaluation of investment properties	6	1,097,676	3,590,679
Profit on disposal of investment properties	5	-	29,083
Operating profit	6	5,242,140	7,002,661
Finance costs (net)	7	(2,874,992)	(1,680,154)
Profit before taxation		2,367,148	5,322,457
Tax on profit	8	(515,253)	(5,729,844)
Profit/(loss) for the year		1,851,895	(407,387)

All activities derive from continuing operations in both the current and preceding years.

Statement of comprehensive income For the year ended 31 December 2022

	2022 £	2021 £
Profit/(loss) for the year	1,851,895	(407,387)
Total comprehensive income/(expense) for the year	1,851,895	(407,387)

Walworth Investment Properties Limited

Balance sheet As at 31 December 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	10	223,716,612		219,351,000	
Current assets					
Debtors due within one year	11	629,745		677,833	
Cash at bank and in hand		-		170,775	
		<u>629,745</u>		<u>848,608</u>	
Creditors: amounts falling due within one year	12	<u>(211,475)</u>		<u>(148,295)</u>	
Net current assets			418,270		700,313
Total assets less current liabilities			224,134,882		220,051,313
Creditors: amounts falling due after one year	13		(88,316,294)		(84,359,039)
Provisions for liabilities	14		<u>(20,000,706)</u>		<u>(19,726,287)</u>
Net assets			<u>115,817,882</u>		<u>115,965,987</u>
Capital and reserves					
Called up share capital	15		42,833,000		42,833,000
Profit and loss account			<u>72,984,882</u>		<u>73,132,987</u>
Total Shareholders' funds			<u>115,817,882</u>		<u>115,965,987</u>

The financial statements of Walworth Investment Properties Limited, Company Registration No.08422737 were approved and authorised for issue by the Board of Directors on 19th May 2023.

Signed on behalf of the Board of Directors:

Andrew Giblin

A R Giblin
Director

M B Jenkins

M B Jenkins
Director

Walworth Investment Properties Limited

Statement of changes in equity For the year ended 31 December 2022

	Notes	Called up share capital £	Profit and loss account £	Total £
At 1 January 2021		42,833,000	75,540,374	118,373,374
Total comprehensive expense for the year		-	(407,387)	(407,387)
Total comprehensive expense		-	(407,387)	(407,387)
Dividend paid	9	-	(2,000,000)	(2,000,000)
At 31 December 2021		42,833,000	73,132,987	115,965,987
Total comprehensive income for the year		-	1,851,895	1,851,895
Total comprehensive income		-	1,851,895	1,851,895
Dividend paid	9	-	(2,000,000)	(2,000,000)
At 31 December 2022		42,833,000	72,984,882	115,817,882

Included in profit and loss account is £72,155,142 (2021: £71,331,885) of profits which is not available for distribution as they are unrealised.

Walworth Investment Properties Limited

Notes to the financial statements For the year ended 31 December 2022

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding period.

Statutory information

Walworth Investment Properties Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is given on page 1.

Accounting convention

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates. The financial statements are also presented in pounds sterling.

Walworth Investment Properties Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

Going concern

The directors have assessed the impact of the current economic uncertainty on all aspects of the business, focussing specifically on operations and cash flows of the company. The company benefits from banking and treasury facilities with the group and has received a letter of support from its immediate parent company Dorrinton Investment PLC and hence the assessment of the ability of the entity to continue as a going concern has been performed at a group level (including stress-testing of forecasts).

This stress-testing included assessing the levels of cash and available finance within the group assuming a very significant reduction in turnover, customer default or payment plans, reduced lettings and increased vacancies at break and expiry. This has been offset by a review and postponement of uncommitted capital expenditure where necessary.

The directors have considered the ongoing availability of finance by modelling the impact on loan covenants of reduced income and significant decreases in valuations of properties. Even considering reasonably likely downside scenarios there are no covenant breaches forecast. The reverse stress test reflects the fact that trading sales and rental income would need to decline significantly, which has not been the group's experience to date.

Based on reviewing these forecasts and sensitivities and having considered the support of the group the directors have concluded that the company is a going concern for at least 12 months from the point of signing the financial statements and accordingly have prepared the financial statements on this basis.

Turnover

Turnover excludes value added tax (where applicable), represents rents receivable and arises wholly within the United Kingdom.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Walworth Investment Properties Limited

Notes to the financial statements (continued) For the year ended 31 December 2022

1. Accounting policies (continued)

Investment properties

Investment properties are held for their long-term rental yield and capital appreciation and are measured at fair value annually with any upward or downward change in revaluation reserves recognised in the profit and loss account.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided to write off the cost of tangible fixed assets by equal annual instalments over their estimated useful economic lives as follows:

Furniture and fittings	5 years
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Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. An assessment is performed where one or more events occur that may indicate potential impairment. The recoverable amount of an asset is then assessed, based on the higher of its fair value less costs to sell and its value of use. If there is objective evidence of impairment, an impairment loss is recognised in profit and loss account.

Financial instruments

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

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments are measured at amortised cost using the effective interest method. Debt instruments that are classified as payable or receivable within one year on initial recognition are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans are measured at cost (which may be £nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Walworth Investment Properties Limited

Notes to the financial statements (continued) For the year ended 31 December 2022

Accounting policies (continued)

1. Taxation (continued)

Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property and investment property, measured using the revaluation model is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or statement of changes in equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the accounting period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates

Property portfolio valuation

The valuation of the company's investment property is inherently subjective, held at £223,713,000 (2021: £219,351,000) as per note 10. The properties are valued by the directors of the company who are members of the Royal Institution of Chartered Surveyors, as at each balance sheet date. An assessment is then performed in respect of the fair value of the investment property, based on the value attributed. Assumptions are made with regards to sales value in an open market, external market conditions and potential future revenue streams or value in use. The directors will consider assumptions such as yields, discounts and expected rental values in doing so.

Judgements

The following are no critical judgements, apart from those involving estimations, that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Walworth Investment Properties Limited

Notes to the financial statements (continued) For the year ended 31 December 2022

3. Turnover

The analysis of turnover (all derived within the United Kingdom) is as follows:

	2022 £	2021 £
Rent receivable	8,046,179	7,525,483

4. Information regarding directors and employees

None of the directors received any emoluments for their services to the company during the year (31 December 2021: £nil). There were no other employees (2021: none).

5 Profit on disposal of investment properties

	2022 £	2021 £
Profit on disposal of investment properties	-	29,083

6. Operating profit

	2022 £	2021 £
Operating profit is after charging:		
Depreciation – owned assets	902	-
Auditor's remuneration: fees paid to the company's auditor for the audit of the company's annual financial statements	16,500	13,200
Unrealised gains on fair value movement of investment properties	(1,097,676)	(3,590,679)

There are no non audit fees included within the stated operating profit figure for the year (2021: £nil).

7. Finance costs (net)

	2022 £	2021 £
Interest payable and similar expenses	2,874,992	1,680,157
Less: investment income	-	(3)
	2,874,992	1,680,154
Investment income	2022 £	2021 £
Bank interest	-	3
	-	3
Interest payable and similar expenses	2022 £	2021 £
Loans from group undertakings	2,874,992	1,680,157
	2,874,992	1,680,157

Walworth Investment Properties Limited

Notes to the financial statements (continued) For the year ended 31 December 2022

8. Tax on profit

	2022 £	2021 £
Current tax		
United Kingdom corporation tax at 19% (2021: 19%)	240,514	347,864
Adjustments in respect of prior years	320	(6,388)
Total current tax	<u>240,834</u>	<u>341,476</u>
Deferred tax		
Effect of increase in value of investment properties	274,419	860,604
Impact of tax rate change on opening revaluation of investment properties	-	4,527,764
Total deferred tax (note 14)	<u>274,419</u>	<u>5,388,368</u>
Total tax on profit	<u>515,253</u>	<u>5,729,844</u>

The effective rate of corporation tax for the year varies from the standard rate in the UK as applied to the company's pre-tax results for the reasons analysed below:

	2022 £	2021 £
Profit before tax	<u>2,367,148</u>	<u>5,322,457</u>
Profit multiplied by corporation tax rate at 19% (2021: 19%)	449,758	1,011,267
Effects of:		
Impact of allowances on the net revaluation of investment properties	65,861	178,375
Other tax rate impacts	(686)	(2,797)
Adjustments to tax charge in respect of prior periods	320	(6,388)
Indexation and other sale adjustments	-	(6,120)
Realisation of prior year revaluation reserves	-	28,170
Restricted losses in period	-	(427)
Impact of tax rate change on opening revaluation of investment properties	-	4,527,764
Total tax for the year	<u>515,253</u>	<u>5,729,844</u>

In the UK Finance Act 2020, enacted provisions to increase the main rate of UK corporation tax to 19% from 1 April 2020 were introduced.

In the Finance Act 2021, which was substantively enacted on 24 May 2021, included provisions to increase the rate further to 25% effective from 1 April 2023. This rate has been applied when calculating the deferred tax at the yearend given the expected timing of the unwinding of tax amounts.

There is no expiry date on timing differences, unused tax losses or tax credits.

There is no provided or unprovided deferred tax (2021: £nil).

9. Dividend paid

	2022 £	2021 £
Dividend on equity shares at 4.7p per share (2021: 4.7p per share)	<u>2,000,000</u>	<u>2,000,000</u>

Walworth Investment Properties Limited

Notes to the financial statements (continued) For the year ended 31 December 2022

10. Tangible assets

	Investment properties £	Fixtures and fittings £	Total £
At cost or valuation:			
At 1 January 2022	219,351,000	-	219,351,000
Additions	3,264,324	4,514	3,268,838
Deficit on revaluation	1,097,676	-	1,097,676
At 31 December 2022	<u>223,713,000</u>	<u>4,514</u>	<u>223,717,514</u>
Depreciation:			
At 1 January 2022	-	-	-
Charge for the year	-	902	902
At 31 December 2022	<u>-</u>	<u>902</u>	<u>902</u>
Net book value:			
At 31 December 2022	<u>223,713,000</u>	<u>3,612</u>	<u>223,716,612</u>
At 31 December 2021	<u>219,351,000</u>	<u>-</u>	<u>219,351,000</u>

Freehold and long leasehold land and buildings were revalued to fair value by those directors of the company who are members of the Royal Institution of Chartered Surveyors as at 31 December 2022 £223,713,000 (31 December 2021: £219,351,000). The Group's in-house team provided a vacant possession value, against which a discount is applied to establish the fair value.

The key assumptions are typically market related, such as yields and discount rates, and are based on their professional judgement and market observation. No contingent rents have been recognised as income in the current or prior year. The net proceeds on disposal of investment properties in the year were £nil (2021: £177,347).

The net revaluation surplus of £1,097,676 (2021: surplus £3,590,679) has been recognised in the profit and loss account and is classified as unrealised and non-distributable. The carrying value under the historical cost convention of the land and buildings was £131,557,152 (2021: £128,292,828).

Land and buildings with a carrying amount of £157,354,000 (2021: £155,101,000) have been pledged to secure borrowings of another group company.

At the balance sheet date, the company had contracted with tenants for the following minimum lease payments:

	2022 £	2021 £
Within one year	8,063,634	7,513,709
Within two to five years	5,890,758	5,605,361
After five years	<u>1,227,241</u>	<u>1,167,784</u>

The company has entered into non –cancellable contractual commitments in respect of investment properties of £338,198 (2021: £68,257). The company is additionally contractually obliged to carry out annual repairs and maintenance in respect of investment property, which in the current year amounted to £1,573,164 (2021: £2,289,491).

Walworth Investment Properties Limited

Notes to the financial statements (continued) For the year ended 31 December 2022

11. Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	346,154	351,688
Prepayments	281,182	326,145
Other debtors	2,409	
	<u>629,745</u>	<u>677,833</u>

12. Creditors: amounts falling due within one year

	2022 £	2021 £
Accruals	55,899	62,251
Deferred income	143,060	80,251
Other creditors	12,516	5,793
	<u>211,475</u>	<u>148,295</u>

13. Creditors: amounts falling due after one year

	2022 £	2021 £
Amount owed to parent undertakings	88,316,294	84,359,039
	<u>88,316,294</u>	<u>84,359,039</u>

The loan owed to the parent undertakings are repayable after more than one year with no fixed repayment date. The loans are unsecured and interest is charged at average commercial rate of 3.46% (2021: 2.11%).

14. Provisions for liabilities

	2022 £	2021 £
Deferred taxation		
Opening balance	19,726,287	14,337,919
Charge to profit and loss account (note 8)	274,419	5,388,368
	<u>20,000,706</u>	<u>19,726,287</u>
Balance at 31 December	<u>20,000,706</u>	<u>19,726,287</u>
Provision for the company's potential deferred tax liability comprises:		
Deferred tax arising on the revaluation of investment properties	20,000,706	19,726,287
	<u>20,000,706</u>	<u>19,726,287</u>
Balance at 31 December	<u>20,000,706</u>	<u>19,726,287</u>

A deferred tax rate of 25% has been applied for the financial year further to the enactment of the Finance Act 2021 on 24 May 2021.

Walworth Investment Properties Limited

Notes to the financial statements (continued) For the year ended 31 December 2022

15. Called up share capital and reserves

		2022 £	2021 £
Authorised, allotted, called up and fully paid:	No.		
Ordinary 'A' shares of £1 each	21,416,500	21,416,500	21,416,500
Ordinary 'B' shares of £1 each	21,416,500	21,416,500	21,416,500
		<u>42,833,000</u>	<u>42,833,000</u>

The profit and loss reserve represents cumulative profits, including unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

16. Ultimate parent undertaking

The company's ultimate parent undertaking and controlling party is Quadriga International Limited, which is incorporated in the British Virgin Islands.

The company is a subsidiary of its immediate parent, Dorrington Investment PLC, and its intermediate parent undertakings, Dorrington PLC, Dorrington Property Group Limited and Hanover Acceptances Limited, all companies being incorporated in Great Britain and registered in England and Wales. Hanover Acceptances Limited is the parent company of the largest group for which consolidated financial statements are prepared and Dorrington PLC is the smallest group for which consolidated financial statements are prepared.

Copies of the financial statements of Dorrington PLC and Hanover Acceptances Limited are available from its registered address via the Company Secretary, 16 Hans Road, London SW3 1RT.

17. Related party transactions

The company has taken advantage of the exemption from the disclosure of related party transactions with entities that are part of the group in accordance with Paragraph 33.1A of Financial Reporting Standard 102.