Registration number: 11579036

TP Property Company Limited

Annual report and financial statements

for the year ended 31 December 2021

Contents

Company information

Directors	N.F. Pinney A.R. Williams TP Directors Limited
Company secretary	TPG Management Services Limited
Registered office	Lodge Way House Lodge Way Harlestone Road Northampton NN5 7UG
Auditor	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL

Directors' report for the year ended 31 December 2021

The Directors present their Annual report and the audited financial statements for the year ended 31 December 2021.

Future developments
An indication of future developments of the business is included in the Strategic report on page 4.

Directors of the Company
The Directors who held office during the year were as follows:

M.R. Meech (resigned 17 December 2021)
A.R. Williams
TP Directors Limited
The following director was appointed after the year end:
N.F. Pinney (appointed 4 January 2022)

Directors' liabilities
The Company made qualifying third party indemnity provisions for the benefits of its Directors during the year, which remain in force at the date of this report. This is a qualifying provision for the purposes of the Companies Act 2006.

Going concern
The Directors have a reasonable expectation that the Company has the resources to continue in operational existence for at least twelve months from the date of signing these financial statements. Thus it continues to adopt the going concern assumption in preparing the annual financial statements. Further details regarding the going concern basis can be found in note 2 to the financial statements.

Dividends
The Directors do not recommend the payment of a dividend (2020: £nil).

Political donations
During the year the Company made no political donations nor incurred any political expenditure (2020: £nil).

Modern slavery
The Company will not accept slavery or human trafficking and works with suppliers and colleagues to ensure positive steps are taken to ensure that slavery has no place in the business or supply chain. If issues are identified, investigations and remedial actions will be taken. No instances of slavery or human trafficking have been identified.

The Company's approach to this issue is set out in greater detail in the Travis Perkins plc Annual Report, which does not form part of this report.

Disclosure of information to the auditors
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 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 confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Reappointment of auditors
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Directors' report for the year ended 31 December 2021 (continued)

Approved by the Board on 26 May 2022 and signed on its behalf by:

Alan Williams

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A.R. Williams
Director

Strategic report for the year ended 31 December 2021

The Directors present their Strategic report for the year ended 31 December 2021.

Principal activities

The principal activity of the Company is the management of the Travis Perkins group's freehold properties. The majority of properties are occupied by other members of the Travis Perkins plc group ("the Group") who are charged an arms length rate.

Review of the business

During the year 46 freehold properties were transferred to the Company from other Group companies as part of a change in the Group's property strategy commenced in 2019. These were transferred at book value for consideration left outstanding as intercompany debt. The Company's pre-tax profit for the year was £41.6m (2020: £25.0m). The increase is principally due to an increase in the profit on sale of freehold properties and gains in the revaluation of investment properties.

The balance sheet shows that the Company's net assets have increased to £244.0m (2020: £9.8m). The main reason for the large increase is because during the year as part of a group simplication the Company issued one Ordinary Share of £1 each to Travis Perkins Group Holdings for a consideration of £200m.

Key performance indicators ('KPIs')

The Company delivered a strong performance year-on-year aided by the transfer of 46 properties from Travis Perkins (Properties) Limited. The two main KPIs for this company are 'Rental Income' and 'Sales Proceeds'.

Rental income is the primary source of revenue for the Company. Rental income equated to £24.8m (2020: £22.7m). The increase in revenue will have primarily been impacted by the 46 properties that were transferred in the year from Travis Perkins (Properties) Limited.

Sales proceeds is defined by the Company realising value from its property assets once developments have been completed, when there is limited strategic value in holding sites for alternative planning consent and where the Group's return on capital can be improved by investing elsewhere. Sales proceeds from the sale of freehold land and buildings during the year was £26.2m (2020: £30.0m). The sales proceeds in the year resulted from the sale of 28 (2020: 12) properties in the year.

Principal risks and uncertainties

The Company operates in markets and an industry which by their nature are subject to a number of inherent gross risks. The Company is able to mitigate those risks by adopting different strategies and by maintaining a strong system of internal control. However, regardless of the approach that is taken, the Company has to accept a certain level of risk in order to generate suitable returns for shareholders and for that reason the risk management process is closely aligned to the Company's strategy.

The Group has a risk reporting framework that ensures it has visibility of the Company's key risks, the potential impacts on the Company and how and to what extent those risks are mitigated. As part of its risk management process, the principal risks stated in the risk register are reviewed, challenged and updated by the Group Board and monitored throughout the year. The Company maintains a separate risk register. The Group's risk register is used to determine strategies adopted by the Group's various businesses to mitigate the identified risks and are embedded in their operating plans.

In common with most large organisations the Company is subject to general commercial risks; for example, political and economic developments, changes in the cost of goods for resale, increased competition in its markets and the threat of emerging and disruptive competitors, material failures in the supply chain, failure to secure supply of goods for resale on competitive terms, cyber-security breaches and failure of the IT infrastructure.

The risk environment in which the Company operates does not remain static. During the year, the Directors have reviewed the principal risks and made a number of changes.

The nature of risk is that its scope and potential impact will change over time. As such the list below should not be regarded as a comprehensive statement of all potential risks and uncertainties that may manifest themselves in the future. Additional risks and uncertainties that are not presently known to the Directors, or which they currently deem immaterial, could also have an adverse effect on the Company's future operating results, financial condition or prospects.

The Directors are required to undertake a robust assessment of the emerging risks that may impact the Company. The Directors regularly consider the latest risk research alongside views on emerging risks collated from assessments made by the business unit and functional leadership teams.

The list below sets out, in no particular order, the current principal risks that are considered by the Board to be material. These key risks have been determined for the Group and are considered applicable to the Company.

- Long term market trends and the changing customer and competitor landscape
- The Covid-19 pandemic and its significant and prolonged impact on the Group's operations
- Macroeconomic volatility leading to availability challenges and inflation
- Supply chain resilience risks including supplier dependency, relationship, overseas sourcing and disintermediation leading to adverse impacts on ranging and price
- Change management risk: business transformation and improvement projects fail to deliver the expected benefits, cost more or take longer to implement than anticipated
- Growing risks in relation to Environmental, Social and Governance matters require us to regularly identify our most material responsibilities and challenges in order to target investment and manage them well
- Failure of critical IT systems and infrastructure: system failures or outages could disrupt the day-to-day operations and, in turn, impact customer service and financial performance
- Cyber threat & data security: theft and sale of personal data as well as risks of data loss or leakage
- Health, safety & well-being: unsafe practices result in harm to colleagues, customers, suppliers or the public
- Legal compliance: changing regulatory framework increases the risk of non-compliance and fines

S172 statement

The Directors place significant importance on the strength of the Company's relationships with all its stakeholders to promote the sustainable success of the Company. In order to fulfil their duties in a manner that is consistent with the principal activity, size and complexity of the Company, the Directors take care to have regard to the likely consequences on all stakeholders of the decisions and actions which they take. Such considerations ensure the business is making decisions with a long-term view and with the sustainable success of the business at its core.

Where possible and consistent with the principal activity of the Company, decisions are carefully discussed with affected groups and are therefore fully understood and supported when taken. Directors have an open dialogue with the Company's shareholder and its ultimate parent company through regular one-to-one meetings and through reporting to the Group Board (generally as part of the reporting on all activity across the Group concerning the management of the Group's property portfolio). Discussions cover a wide range of topics relevant to the activity of the Company including financial performance, strategy, outlook and risks and uncertainties.

Decisions and policies affecting colleagues, customers (being other members of the Group), suppliers, communities and Government and regulators (including discussions concerning governance and ethical practices) are often made or set at the level of the ultimate parent company and apply across the Group. The Directors ensure that they are fulfilling their statutory duties when applying those decisions and policies. Further information on how these decisions are made and the ways in which the Group engages with stakeholders is set out in the Group's Annual Report, which does not form part of this report.

Corporate responsibility

Environmental matters

The Travis Perkins plc group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities.

The Company operates in accordance with group policies, which are described in the Group's Annual Report, which does not form part of this report. Initiatives designed to minimise the Company's impact on the environment include improving energy use efficiency, reducing the amount of CO2 emissions and minimising the consumption of water and the production of waste (both hazardous and non-hazardous).

Approved by the Board on 26 May 2022 and signed on its behalf by:

Alan Williams

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A.R. Williams
Director

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, the Directors report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice) 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of TP Property Company Limited

Opinion

We have audited the financial statements of TP Property Company Limited ('the Company') for the year ended 31 December 2021 which comprise the Profit and loss account and other comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Independent Auditor's Report to the Members of TP Property Company Limited (continued)

Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes
- Considering remuneration incentive schemes and performance targets for directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no incentives for management, and no material or complex judgements involved. We did not identify any additional fraud risks.

We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included material post-closing entires.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Independent Auditor's Report to the Members of TP Property Company Limited (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and Directors' report

The Directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover these reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- 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
- 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view, 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Independent Auditor's Report to the Members of TP Property Company Limited (continued)

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Bethan Telford (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
Canary Wharf
London
E14 5GL

27 May 2022

Profit and loss account and other comprehensive income for the year ended 31 December 2021

	Note	2021 £m	2020 £m
Turnover	4	23.4	21.2
Administrative expenses		(4.7)	(5.0)
Other operating income	5	22.9	8.8
Operating profit and profit before tax	6	41.6	25.0
Income tax expense	10	(12.6)	(9.4)
Profit for the financial year		29.0	15.6
Tax relating to components of other comprehensive income		(1.8)	-
Gain on transfer from tangible fixed assets to investment properties		7.1	-
Total comprehensive income for the year		34.3	15.6

The above results were derived from continuing operations.

Balance sheet as at 31 December 2021

	Note	2021 £m	2020 £m
Fixed assets			
Tangible fixed assets	11	302.4	236.7
Investment property	12	56.7	17.4
		359.1	254.1
Creditors: Amounts falling due within one year	13	(85.8)	(222.4)
Total assets less current liabilities		273.3	31.7
Provisions for liabilities	14	(29.3)	(21.9)
Net assets		244.0	9.8
Capital and reserves			
Called up share capital	16	-	-
Share premium reserve	17	200.0	-
Revaluation reserve	17	7.1	-
Profit and loss account	17	36.9	9.8
Shareholders' funds		244.0	9.8

The notes on pages 16 to 26 form an integral part of these financial statements.

The financial statements of TP Property Company Limited, registered number 11579036, were approved and authorised by the Board on 26 May 2022 and signed on its behalf by:

Alan Williams

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A.R. Williams
Director

Statement of changes in equity for the year ended 31 December 2021

	Share capital £m	Share premium £m	Revaluation reserve £m	Profit and loss account £m	Total £m
At 1 January 2020	-	-	-	(5.8)	(5.8)
Profit for the year and other comprehensive income	-	-	-	15.6	15.6
At 31 December 2020	-	-	-	9.8	9.8
Profit for the year and other comprehensive income	-	-	7.1	27.2	34.3
Transaction with shareholders	-	200.0	-	-	200.0
At 31 December 2021	-	200.0	7.1	36.9	244.0

Notes to the financial statements for the year ended 31 December 2021

1 General information

The Company is a private company limited by share capital, incorporated in the United Kingdom under the Companies Act 2006.

The address of its registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 4 to 7.

2 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention, except that as disclosed in the accounting policies certain items are shown at fair value.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £100,000.

Summary of disclosure exemptions

The Company 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 assessment by the Directors of the Company

After reviewing the Group's forecasts and risk assessments and making other enquiries, the Directors have formed a judgement at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the 12 months from the date of signing this Annual report and financial statements. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

In arriving at their opinion the Directors considered:

- that the Company is part of the Travis Perkins plc Group (the "Group"). The Company is a guarantor company for the Group's borrowing facilities and the Company's ability to operate as a going concern is directly linked to the Group's position
- that the company has produced cash flow forecasts which are included in those of the Group
- the Group's cash flow forecasts and revenue projections
- reasonably possible changes in trading performance
- the committed facilities available to the Group and the covenants thereon
- the Group's robust policy towards liquidity and cash flow management
- the Group management's ability to successfully manage the principal risks and uncertainties during periods of uncertain economic outlook and challenging macro-economic conditions

2 Accounting policies (continued)

The downside scenarios tested, outlining the impact of severe but plausible adverse scenarios based on a severe recession and housing market weakness, show that there is sufficient headroom for liquidity and covenant compliance purposes for at least the next 12 months from the date of approval of these financial statements.

The Group going concern assessment was completed for the Group accounts published in February. The Directors have made appropriate inquiries of the Group subsequent to the date of that assessment and up to the date of signing these financial statements and have not identified any matters which impact their conclusion regarding the ability of the Group to continue as a going concern.

Travis Perkins plc has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the 12 months from the date of signing these financial statements by meeting its liabilities as they fall due for payment.

Tangible fixed assets

Tangible fixed assets are stated at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The cost of tangible fixed assets includes directly attributable incremental costs incurred in their acquisition and installation. Depreciation is charged on a straight-line basis so as to write off the cost of assets, other than land and tangible fixed assets under construction, over their estimated useful lives, as follows:

Asset class	**Depreciation rate**
Freehold buildings and long leasehold property	50 years or the estimated useful life of the building if lower

Financial instruments

Recognition and measurement

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.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in operating profit in the profit and loss account as a charge to administrative expenses.

a) Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in a previously recognised impairment loss, the prior impairment loss is tested to determine whether a reversal is required. An impairment loss is reversed on an individual impaired asset (other than goodwill) to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

2 Accounting policies (continued)

b) Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss account, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge, including UK corporation tax and foreign tax, is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements. 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 when it is probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference. Deferred tax relating to tangible fixed assets measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

2 Accounting policies (continued)

The 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.

Deferred tax assets and liabilities are offset only if: the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition

Turnover is recognised on a straight-line basis throughout the year, at amounts set out in lease agreements. It is measured at the fair value of consideration received or receivable from group companies and represents amounts receivable for services provided in the normal course of business, net of discounts and value added tax.

Investment property

Investment property is carried at fair value, The valuations, which are supported by market evidence, are prepared by considering the aggregate of the net annual rents receivable from the properties and where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation. Changes in fair value are recognised in profit or loss.

Properties are classified as investment property when a substantial part of the site is let to external tenants, Properties let to other Group companies are accounted for as property, plant and equipment in accordance with paragraph 16.4A(b) of FRS 102.

Share capital

Equity instruments represent the ordinary share capital of the Company and are recorded at the proceeds received, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, 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 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.

Investment properties

Given the number of properties reclassified from Tangible Fixed Assets to Investment Properties, therefore requiring revaluation, the directors consider the determination of market value for these properties to be a significant estimate for the current year.

4 Revenue

All turnover (2020: all turnover) is generated from the provision of services.

5 Other operating income

The analysis of the company's other operating income and expenses for the year is as follows:

	2021 £m	2020 £m
Profit on sale of investment properties	0.6	-
Other operating income - external rent receivable	1.4	1.5
Net gain / (loss) on investment properties revaluation	3.9	(0.3)
Profit on sale of freehold properties	17.0	7.6
	22.9	8.8

6 Operating profit

Operating profit is stated after charging:

	2021 £m	2020 £m
Depreciation of tangible fixed assets	4.7	5.0

7 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2021 £	2020 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	80,000	40,000

These fees were borne by another group company. Auditor's remuneration for non-audit services is disclosed within the Travis Perkins plc Annual Report. No non-audit services were provided by the auditor directly to the Company in either the current or prior year.

8 Directors' remuneration

All (2020: all) Directors are paid by other group companies and received total emoluments (including non-performance related bonuses) of £2.5m (2020: £1.1m), pension contributions of £nil (2020: £nil) and performance-related bonus of £nil (2020: £nil) during the year, but it is not practicable to allocate their remuneration from other group companies for services rendered. In addition of these Directors none (2020: none) are accruing benefits under the Travis Perkins Pensions and Dependents' Benefit Scheme, which is a defined benefit pension scheme, and none (2020: none) are contributing towards the Travis Perkins Pension Plan, which is a defined contribution scheme, in respect of their service to other group companies.

All (2020: all) Directors paid by another group company exercised share options during the year.

9 Staff costs

No staff were directly employed by TP Property Company Limited in the financial period.

10 Tax

Tax charged in the profit and loss account

	2021 £m	2020 £m
Current taxation		
UK corporation tax	6.6	6.5
UK corporation tax adjustment to prior periods	0.3	1.3
	6.9	7.8
Deferred taxation		
Origination and reversal of timing differences	7.9	2.1
Adjustment to prior periods	(2.2)	(0.5)
Total deferred taxation	5.7	1.6
Tax expense in the income statement	12.6	9.4
Total current and deferred tax relating to items of other comprehensive income	1.8	-

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2020: higher than the standard rate of corporation tax in the UK) of 19% (2020: 19%).

The differences are reconciled below:

	2021 £m	2020 £m
Profit before tax	41.6	25.0
Corporation tax at standard rate	7.9	4.7
Increase in deferred tax due to opening balance rate change	7.0	-
Increase in deferred tax due to current year rate differential	0.2	0.1
(Decrease)/increase in current tax due to adjustments in respect of prior periods	(1.9)	0.8
Depreciation on non-qualifying property	0.9	1.0
(Decrease)/increase in current tax due to gains on property disposals	(1.5)	2.8
Total tax charge	12.6	9.4

On 3 March 2021 it was announced that the UK corporation tax rate will increase in April 2023 to 25%, this was substantively enacted on 24 May 2021. Any deferred tax balances have been calculated at the rates substantively enacted for the periods in which they are expected to unwind.

11 Tangible fixed assets

	Freehold land and buildings £m	Total £m
Cost		
At 1 January 2021	241.8	241.8
Additions	70.1	70.1
Disposals	(9.9)	(9.9)
Transfer from Travis Perkins (Properties) Limited	32.8	32.8
Transfer to investment properties	(28.1)	(28.1)
At 31 December 2021	306.7	306.7
Depreciation		
At 1 January 2021	5.1	5.1
Charge for the year	4.7	4.7
Eliminated on disposal	(3.2)	(3.2)
Transfer to investment properties	(2.3)	(2.3)
At 31 December 2021	4.3	4.3
Net book value		
At 31 December 2021	302.4	302.4
At 31 December 2020	236.7	236.7

During the year a further 46 (2020: 42) freehold properties were transferred to the Company from Travis Perkins (Properties) Limited. The net book value of property transferred amounts to £32.8m (2020: £20.7m)

12 Investment properties

	2021 £m
At 1 January	17.4
Disposals	(1.0)
Transfers from Travis Perkins (Properties) Limited	3.5
Transfer from tangible fixed assets	25.8
Fair value gain on revaluation of investment properties	3.9
Gain on transfer from tangible fixed assets	7.1
At 31 December	56.7

The valuations, which are supported by market evidence, are prepared by considering the aggregate of the net annual rents receivable from the properties and where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation. The range of yields applied for each type of property, all of which are in the United Kingdom, is 4.75% - 12.0%.

During the year a valuation of many properties was made by Hoddell Stotebury Morgan on 1st March 2021. The valuations are amended as new investment properties are sold or purchased during the year.

Had the assets been measured on a historical cost basis, the carrying amount would have been £47.1m (2020: £19.1m).

Investment properties has increased by £39.3m year-on-year as a result of both the Wickes demerger and the disposal of the plumbing and heating division. This has increased the amount of freehold properties that are rented externally from the group. This has given rise to more freehold properties being eligible to be recognised as investment properties in accordance with FRS 102.

13 Creditors: amounts falling due within one year

	2021 £m	2020 £m
Amounts due to group undertakings	79.2	218.0
Corporation tax liability	6.6	4.4
	85.8	222.4

Amounts owed to group undertakings include loans and trade balances. The loans are interest-free and have no fixed date for repayment. No security has been given in relation to any creditors.

14 Provisions

	Deferred tax £m	Total £m
At 1 January 2021	21.9	21.9
Charged to the profit and loss account	5.6	5.6
Charged to other comprehensive income	1.8	1.8
At 31 December 2021	29.3	29.3

15 Deferred tax

	Provided 2021 £m	Provided 2020 £m	Unprovided 2021 £m	Unprovided 2020 £m
Capital allowances in excess of depreciation	0.3	(0.3)	-	-
Increase from rolled over gains	4.4	1.9	-	-
Revaluation of investment properties	2.7	-	-	-
Deferred tax	29.3	21.9	-	-

There are no unused tax losses or unused tax credits.

16 Share capital

Allotted, called up and fully paid shares

	2021 No.	2021 £m	2020 No.	2020 £m
Ordinary shares of £1 each (note 17)	3	-	2	-

Rights, preferences and restrictions

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

17 Reserves

The share premium account records the amount above the nominal value received for shares sold. The share premium account cannot be distributed under the Companies Act 2006.

During the year as part of a group simplification the Company issued one £1 share to Travis Perkins Group Holdings for £200m giving rise to £200m of share premium in the year.

The revaluation reserve represents the revaluation surplus that arose from the transfer of 16 freehold properties to investment properties during the year.

The profit and loss account represents cumulative profits or losses.

18 Contingent liabilities

At 31 December 2021 the Company, together with several other subsidiaries in the Travis Perkins' group have guaranteed:

• the Group's £400 million UK syndicated bank facility. At 31 December 2021 the facility was undrawn (2020: undrawn)

• £550 million of UK guaranteed notes, issued by Travis Perkins plc.

A £15.0m (2020: £30.0m) overdraft facility advanced to the Group is guaranteed by the Company, along with other group companies. At the year-end the overdraft facility was not utilised.

Along with other group companies the Company is also guarantor of certain agreements entered into during the normal course of business by the Group which at the year-end totalled approximately £32m (2020: £25m).

Further details of the Group's borrowings are given in the financial statements of Travis Perkins plc.

19 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £1.1m (2020: £nil) relating to property, plant and equipment.

20 Parent and ultimate parent undertaking

The immediate parent undertaking is Travis Perkins Group Holdings Limited. The ultimate parent undertaking, controlling party and smallest and largest group to consolidate these financial statements is Travis Perkins plc, a company registered in England and Wales.

Copies of the Travis Perkins plc group financial statements are available from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

21 Related party transactions

The Company has taken advantage of the exemption contained within FRS 102 and not disclosed transactions or balances with companies that are fellow wholly-owned subsidiaries of Travis Perkins plc.