

103 Whichmore Properties Limited
ANNUAL REPORT AND FINANCIAL STATEMENTS

Company registration number 11594581

For the 65 week period ended 31 December 2019



103 Whichmore Properties Limited

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Annual Report and Financial Statements

For the 65 week period ended 31 December 2019

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103 Whichmore Properties Limited

Company information

Company Secretary & registered office

E Howes
103 Wigmore Street
London
England
W1U 1QS

Company's registered number

11594581

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountant and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

103 Whichmore Properties Limited

Strategic Report for the 65 week period ended 31 December 2019

The Directors present their Strategic Report and the audited Financial Statements of 103 Whichmore Properties Limited ("the Company"), for the 65 week period ended 31 December 2019. This is the first set of accounts since incorporation.

Principal activities

The principal activity of the Company is that of an investment property holding company.

On 7 November 2018, WS International Properties Ltd, also a wholly owned subsidiary of Wittington UK Properties Ltd, was sold to the Company, and all trade, asset and liabilities were transferred by way of a hive up and the Company commenced trading as an investment property holding company. WS International Properties Ltd was liquidated on 7 November 2018.

Review of the business

Revenue in the period was £8,876,000 and profit before tax for the period to 31 December 2019 was £13,668,000. The profit for the financial period has been transferred to reserves.

At 31 December 2019, the company had net assets of £154,731,000, which, in the opinion of the Directors, is satisfactory.

The full results for the period are set out in the Statement of Comprehensive Income on page 9.

Principal risks and uncertainties

The key risks and uncertainties faced by the business are as experienced across the investment property sector including:

- Demand from occupiers which affects the amount of rent obtainable for buildings in the Company's markets and the level of occupancy;
- Supply of properties for rent in the Company's market;
- Tenant default; and
- Valuation of investment properties

The Company operates with a long-term view and therefore focus is on underlying income and value generating potential over short term value fluctuations. The Company seeks to further manage these risks by diversification of its tenant portfolio and vigorous financial vetting of potential tenants.

In January 2020, the United Kingdom left the European Union, leading to uncertainty in the financial markets and the wider economy. The full impact remains unclear until the outcome of political and trade negotiations is finalised. The Company's risks have been assessed alongside their potential impact and we will continue to closely monitor the on-going situation.

Following the year end, the Covid-19 global pandemic has impacted markets across the world. In the UK, the government implemented social distancing measures through a national lockdown on 23 March 2020, closing businesses and schools to limit the spread of the virus. A phased relaxation of the rules commenced on 1 June. The economy in the UK has slowed and the depth and duration of the impending recession remains unclear. As the impact of Covid-19 could not have been known at the balance sheet date nor were the lockdown measures in effect, it is management's view that the Covid-19 pandemic is a non-adjusting post balance sheet event. Further details can be found in note 21 to the financial statements.

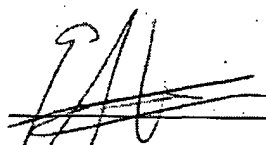
The key areas of risk set out in the 'Principal risks and uncertainties' above are exacerbated as a result of the pandemic, with many businesses in the retail, leisure and hospitality closed for months and a significant volume of the workforce working from home where possible.

The Company's continuing priority is to provide a safe and healthy building environment for its tenants. It has taken measures in line with government advice to limit the spread of the virus within its commercial building where appropriate by implementing social distancing and additional hygiene protocols, this remains under ongoing review.

Key performance indicators ('KPIs')

The Directors believe that other than the statutory KPIs of revenue, gross profit and operating profit set out in the Statement of Comprehensive Income and the carrying value of the freehold property there are no other KPIs required to be reported to give a full understanding of the business.

Approved by the Board of Directors on 14 July 2020 and signed by order of the board:



E. Howes
Company Secretary
14 July 2020

103 Whichmore Properties Limited

Directors' Report for the 65 week period ended 31 December 2019

The Directors present their report and audited Financial Statements for the 65 week period ended 31 December 2019.

General information

The Company is a private limited company limited by shares, domiciled and incorporated in the United Kingdom. The Company's registered address is 103 Wigmore Street, London W1U 1QS, England.

The immediate parent undertaking is Wittington UK Properties Limited, which is incorporated in Canada. The Directors consider the ultimate parent company and controlling party to be Wittington Investments, Limited, which is incorporated in Canada.

The Company was incorporated on 28 September 2018 and did not commence trading until 7 November 2018.

Future developments

Future growth is planned to be driven by continued rental income from the lease of the Company's properties.

The Directors have considered the impact of Covid-19 on the Company's financial standing and sought to obtain the best possible information to enable them to assess the risks posed to the business. Whilst the long term impact of the pandemic remains unclear, based on currently available information the Directors have sought to monitor and mitigate these risks, stress tested financial cashflow forecasts and on this basis the Directors continue to adopt the going concern basis in preparing the financial statements. The Directors continue to closely monitor and follow the advice of the government. Please refer to note 21 for further details.

Financial risk management

The company is not exposed to foreign currency or interest rate risk. Accordingly, it does not use derivatives or hedging instruments.

Directors

The Directors who held office during the period and up to the date the Financial Statements were signed are given below:

K Down (appointed 28 September 2018)
N Hanratty (appointed 28 September 2018)
N Powar (appointed 28 September 2018)
T Reade (appointed 28 September 2018)
J Walsh (appointed 28 September 2018, resigned 26 February 2019)

No director had any interest in the Company during the period and up to the date the Financial Statements were signed.

Directors' third-party and pension scheme indemnity provisions

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force. The Company also purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its directors.

Results and dividends

The Directors declared and paid a dividend of £6,500,000 in the period. The Directors recommend the payment of a final dividend of £2,000,000, which was paid in January 2020.

Employees

The Company has no direct employees. Employees are employed and remunerated by a company under common control.

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors, PricewaterhouseCoopers LLP, Chartered Accountants, will continue in office.

103 Whichmore Properties Limited

Directors' Report for the 65 week period ended 31 December 2019 (continued)

Company's registered number

The Company's registered number is 11594581.

Statement of directors' responsibilities in respect of the Financial Statements

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

Company law requires the directors to prepare Financial Statements for each financial period. Under that law the directors have prepared the Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the Financial Statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


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.

Statement of disclosure of information to auditors

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

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

Approved by the Board of Directors on 14 July 2020 and signed by the order of the board:



Keith Down
Director

14 July 2020

Independent auditors' report to the members of 103 Whichmore Properties Limited

Report on the audit of the financial statements

Opinion

In our opinion, 103 Whichmore Properties Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit and cash flows for the 65 week period (the "period") then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2019; the Statement of Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the 65 week period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

103 Whichmore Properties Limited

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

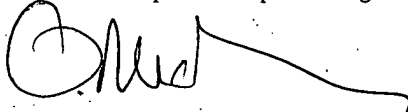
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Owen Mackney BSc ACA (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
14 July 2020

103 Whichmore Properties Limited

Statement of Comprehensive Income for the 65 week period ended 31 December 2019

	Note	65 week period ended 31 December 2019 £'000
Revenue	3	<u>8,876</u>
Administrative expenses	4	<u>(2,597)</u>
Operating profit before investment property valuation movements		<u>6,279</u>
Net profit on revaluation of investment properties	8	<u>7,389</u>
Operating profit		<u>13,668</u>
Profit before income tax		13,668
Income tax charge	9	<u>(1,067)</u>
Profit for the financial period		<u>12,601</u>
Total other comprehensive income		-
Total comprehensive income for the period		<u>12,601</u>

The results for the period reflect trading from continuing operations.

Total comprehensive profit is allocated in full to the owners of the Company.

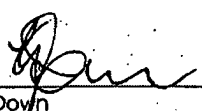
The notes on pages 13 to 24 form an integral part of these Financial Statements.

103 Whichmore Properties Limited

Balance Sheet as at 31 December 2019

	Note	31 December 2019 £'000
Assets		
Non-current assets		
Investments properties	8	152,200
Intangible assets		29
Total non-current assets		152,229
Current assets		
Trade and other receivables	10	2,849
Cash and cash equivalents		3,429
Total current assets		6,278
Total assets		158,507
Liabilities		
Current liabilities		
Trade and other payables	11	3,768
Corporation tax liability	9	8
Total current liabilities		3,776
Total liabilities		3,776
Equity		
Called up share capital	15	1,270
Merger reserve	16	1,673
Retained earnings		151,788
Total equity		154,731
Total liabilities and equity		158,507

The Financial Statements and notes on pages 9 to 24 were authorised for issue by the Board of Directors on 14 July 2020 and were signed on its behalf by:



 Keith Down
 Director

103 Whichmore Properties Limited

Statement of Changes in Equity for the 65 week period ended 31 December 2019

	Called up share capital £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 28 September 2018	-	-	-	-
Issue of share capital	146,957	-	-	146,957
Share capital reduction	(145,687)	-	145,687	-
Hive up of subsidiary entity	-	1,673	-	1,673
Dividend paid	-	-	(6,500)	(6,500)
Profit for the financial period	-	-	12,601	12,601
Balance at 31 December 2019	1,270	1,673	151,788	154,731

All changes in equity are attributable to the owners of the company.

The notes on pages 13 to 24 form an integral part of these Financial Statements.

103 Whichmore Properties Limited

Cash Flow Statement for the 65 week period ended 31 December 2019

	65 week period ended 31 December 2019 £'000
Cash flows from operating activities	
Operating profit	13,668
Adjustments for:	
- Revaluation movements	(7,389)
	6,279
Changes in:	
- Increase in debtors	(1,850)
- Increase in creditors	1,526
Cash generated from operating activities	5,955
Income taxes paid	(792)
Net cash generated from operating activities	5,163
Cash flows from investing activities	
- Cash received on 'hive up' of subsidiary entity	4,795
- Payments for intangible assets	(29)
Net cash generated from investing activities	4,766
Cash flows from financing activities	
- Dividend paid to company shareholders	(6,500)
Net cash flows used in financing activities	(6,500)
Net inflow in cash and cash equivalents	3,429
Cash and cash equivalents at beginning of financial period	
Cash and cash equivalents at the end of the financial period	3,429

The notes on pages 13 to 24 form an integral part of these Financial Statements.

103 Whichmore Properties Limited

Notes to the Financial Statements for the 65 week period ended 31 December 2019

1. General information

The principal activity of the Company is that of an investment property holding company.

On 7 November 2018, WS International Properties Limited, also a wholly owned subsidiary of Willington UK Properties Limited, was sold to the Company, and all trade, asset and liabilities were transferred by way of a hive up and the Company commenced trading as an investment property holding company. WS International Properties Limited was liquidated on 7 November 2018.

2. Summary of significant accounting policies

The principle accounting policies applied in the preparation of these Financial Statements are set out below.

a) Basis of preparation

These Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

b) Adoption of new and revised International Financial Reporting Standards

IFRS 16

IFRS 16 'Leases' was published in January 2016 and will be effective for the Company from the year beginning 1 January 2020, replacing IAS 17 'Leases'. The main principle of the standard is to provide a single model for lessee accounting by eliminating the dual accounting model under IAS 17, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases.

As the Company acts as a lessor rather than a lessee there will be no significant impact on the Company's loss and net assets as a result of the implementation of the standard.

c) Accounting convention

The Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, and financial liabilities at amortised cost.

d) Accounting periods

The current period is the first period of account and runs from 28 September 2018 to 31 December 2019, rounded to 65 weeks in the accounts.

e) Going concern

The Directors have considered the appropriateness of the going concern basis for the preparation of these Financial Statements. Given the net current assets position of the Company, they believe it remains appropriate to prepare these Financial Statements on a going concern basis.

f) Functional and presentation currency

These Financial Statements are presented in Great British Pounds ('GBP'), which is the Company's functional currency. All financial information presented in GBP has been rounded to the nearest thousand.

g) Dividends

Final dividends are recorded in the Financial Statements in the period in which they are approved by the Company's shareholders. Interim dividends are recorded in the period in which they are approved and paid.

h) Revenue

Revenue, which excludes value added tax, comprises rents receivable from tenants under operating leases, recognised on an accruals basis. Income arising as a result of rent reviews is recognised when agreement of new terms is reasonably certain.

103 Whichmore Properties Limited

Notes to the Financial Statements for the 65 week period ended 31 December 2019

2. Summary of significant accounting policies (continued)

i) Investment properties

Investment properties are owned by the Company and are held to generate rental income or long-term capital appreciation or both.

Investment properties are initially recognised on acquisition at cost, including related acquisition costs, and are revalued annually to reflect market value. Fair value is determined by external professional valuers.

Gains or losses arising on the revaluation of investment properties are included in the Statement of Comprehensive Income in the accounting period in which they arise. Depreciation is not provided in respect of investment properties.

Additions to properties include the costs of a capital nature only. Expenditure is classified as capital when it results in identifiable future economic benefits which are expected to accrue to the Company. All other property expenditure is written-off in the Statement of Comprehensive Income as incurred.

j) Current and deferred taxation

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the company generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. Deferred income tax is determined using tax rates laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

In the case of deferred tax in relation to investment property revaluation surpluses, the base cost used is historical book cost and ignores any allowances or deductions which may be available to reduce the actual tax liability which would crystallise in the event of a disposal of an asset. The Company expects to recover the value of its investment property assets through future rental income streams.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

k) Trade and other receivables

Trade and other receivables are recorded at amortised cost.

The Company's accounting policy for the establishment of provisions against trade receivables reflects the lifetime expected credit loss, consistent with the simplified approach under IFRS 9.

l) Cash and cash equivalents

Cash and cash equivalents includes short-term deposits with banks and other financial institutions, with an initial maturity of three months or less.

103 Whichmore Properties Limited

Notes to the Financial Statements for the 65 week period ended 31 December 2019

2. Summary of significant accounting policies (continued)

m) Trade and other payables

Trade and other payables are recorded initially at fair value and subsequently measured at amortised cost. Generally this results in their recognition at their nominal value.

n) Leases

The Company as lessor

All of the Company's leases to its tenants fall within the definition of operating leases, as substantially all the risks and rewards of ownership are retained by the Company.

o) Capital management

Capital risks

The Company's objectives when managing capital (i.e., the shareholders' equity in the business) are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, reduce capital to shareholders, issue new shares or sell assets to reduce debt.

p) Significant accounting assumptions and judgements

In preparing the Financial Statements, judgments, estimates and assumptions are made by management, which affect the reported amounts in the Financial Statements. Actual results may differ from these estimates. Changes in the assumptions can affect the Financial Statements, particularly as regards the following:

The Company uses the valuation performed by its external valuers, CBRE Limited, as the basis for the fair value of its investment property. The valuation of the Company's property is inherently subjective due to, among other factors, the individual nature of the property, its location and the expected future rental income. As a result, the valuation the Company places on its property is subject to a degree of uncertainty and is made on the basis of assumptions which may not prove to be accurate, particularly in periods of volatility or low transaction flow in the commercial and residential property market. The external valuers make a number of assumptions in forming their opinion on the valuation of the investment property, which are detailed in the Basis of Valuation in note 8. These assumptions are in accordance with RICS Valuation Standards. However, if any assumptions made by the external valuers prove to be incorrect, this may mean that the value of the Company's properties differ from the valuation reported in the Financial Statements, which could have a material effect on the Company's financial position.

q) Transfer of trade and assets

On the transfer of business to the Company, the amounts recognised in respect of the identifiable assets and liabilities are recognised at book value on the date of transfer, using the predecessor value method of accounting.

3. Revenue

The investment property generates both residential and commercial rental income from multiple tenants.

103 Whichmore Properties Limited

Notes to the Financial Statements for the 65 week period ended 31 December 2019

4. Administrative expenses

Operating profit is stated after charging the items set out below:

	65 week period ended 31 December 2019
	£'000
Group recharges	890
Professional fees	110
Other costs	1,597
Administrative expenses	2,597

5: Auditors' remuneration

The audit fees are borne by the Company. The audit fee for the Company for the period ending 31 December 2019 is £33,000.

6. Employee information

The company has no employees.

7. Directors' emoluments

	65 week period ended 31 December 2019
	£'000
Aggregate emoluments	100
Aggregate amounts received under long term incentive schemes	24

Key management personnel comprise of Board directors only. These are persons having responsibility for directing and controlling the activities of the Group.

The highest paid director received total emoluments and amounts under the long-term incentive schemes of £24,000. There are no retirement benefits accruing to directors in the financial period under defined benefit schemes.

103 Whichmore Properties Limited

Notes to the Financial Statements for the 65 week period ended 31 December 2019

8. Investment properties

	Freehold property £'000	Total £'000
Cost or valuation		
As at 28 September 2018	-	-
Additions	144,811	144,811
Net gain on revaluation	7,389	7,389
As at 31 December 2019	152,200	152,200

On 7 November 2018, WS International Properties Limited, also a wholly owned subsidiary of Wittington UK Properties Limited, was transferred to the Company, and all trade, asset and liabilities were assumed by way of a hive up and the Company commenced trading as an investment property holding company. WS International Properties Limited was liquidated on 7th November 2018.

The assets included the freehold titles of a commercial investment property with a value of £144,811,000. At the balance sheet date, the portfolio of properties has been subsequently revalued to fair market value by external valuers. During the period the Company received £7,376,000 in rental income from the lease of this property.

External valuers

The investment properties were subject to an external valuation as at 31 December 2019 by qualified valuers, being members of the Royal Institute of Chartered Surveyors, working for CBRE Ltd.

The properties were valued on the basis of fair value and highest and best use in accordance with the RICS Valuation – Professional Standards 2014 and IFRS 13. When considering the highest and best use a valuer considers its actual and potential uses which are legally and financially viable. Where the highest and best use differs from the existing use, the valuer considers the use a market participant would have in mind when formulating the price it would bid and reflects the cost and likelihood of achieving that use.

The external valuations use information provided by the Company, such as tenancy information and capital expenditure expectations. The valuers, in forming their opinion make a series of assumptions. The assumptions are typically market related, such as yields and rental values, and are based on the valuers' professional judgment and market observations. The major inputs to the external valuation are reviewed by the Board.

The valuation as at 31 December 2019 resulted in an increase of £7,389,000 to the value of the investment property portfolio.

Fair value measurements

The Company's investment properties are reported under IFRS 13 'Fair value measurement' which uses the following hierarchy to determine the valuation basis of assets and liabilities:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The fair value of the Company's property has been determined using a market approach which provides an indication of the value by comparing the subject assets with identical or similar assets for which price information is available. All properties held by the Company at the end of the period were therefore rated level 3.

103 Whichmore Properties Limited

Notes to the Financial Statements for the 65 week period ended 31 December 2019

8. Investment properties (continued)

Sensitivity

The table below illustrates the estimated impact on the Statement of Comprehensive Income and equity as a result of market movements in the fair value of the Company's properties. The Directors consider that a 10.00% +/- movement in value represents a reasonable possible change. However this analysis is for illustrative purposes only.

	65 week period ended 31 December 2019
	£'000
Impact on statement of comprehensive income	
10% weakening in property estimated rental value	(12,350)
10% strengthening in property estimated rental value	12,900
0.5% strengthening of rent yields	(17,000)
0.5% weakening of rent yields	21,700

9. Income tax charge

	65 week period ended 31 December 2019
	£'000
Current tax	
UK corporation tax on profits of the period	1,067
Total current tax	<u>1,067</u>
Tax charge on profit on ordinary activities	<u>1,067</u>

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Notes to the Financial Statements for the 65 week period ended 31 December 2019

9. Income tax charge (continued)

Reconciliation of total tax charge

The UK standard rate of corporation tax for the period is 19.00%. The tax charge for the current period is lower than the standard rate of corporation tax.

	65 week period ended 31 December 2019
	£'000
Profit on ordinary activities before taxation	13,668
Tax on profit on ordinary activities at standard rate of 19.00%	2,597
Non-deductible expenditure	4
Movement in valuation of investment property	(1,534)
Total tax charge for the period	1,067

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020.

In the UK budget on 11 March 2020, it was announced the cut in the tax rate to 17% will now not occur and the UK Corporation Tax Rate will instead remain at 19%. As the Company does not have any deferred tax assets/(liabilities), there would be no impact to the financial statements in the current period if the new rate had been enacted at the balance sheet date.

10. Trade and other receivables

	As at 31 December 2019
	£'000
Amounts owed by third party tenants	84
Amounts owed by entities under common control	253
Accrued income	1,811
Other debtors	701
Total trade and other receivables	2,849

As at 31 December 2019, the Company's property management agent holds £364,000 of deposits on behalf of tenants in protected accounts, which are not recognised on the balance sheet. These amounts are received at the start of the lease to cover any necessary expenditure throughout the tenancy, and remaining amounts are payable to the tenant on exit of this lease.

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Notes to the Financial Statements for the 65 week period ended 31 December 2019

11. Trade and other payables

	As at 31 December 2019 £'000
Trade payables	20
Accruals and deferred income	1,948
Amounts owed to entities under common control	1,157
Other taxation and social security	643
Total trade and other payables	3,768

The amounts owed to the entities under common control are not interest bearing and are repayable on demand.

12. Financial assets by category

	At amortised cost (cash at fair value) £'000	Total £'000
As at 31 December 2019		
Cash and cash equivalents		
- Current	3,429	3,429
Trade and other receivables		
- Current (excluding accrued income)	1,038	1,038
Total	4,467	4,467

13. Financial liabilities by category

	At amortised cost £'000	Total £'000
As at 31 December 2019		
Trade and other payables		
- Current	1,111	1,111
Total	1,111	1,111

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Notes to the Financial Statements for the 65 week period ended 31 December 2019

14. The Company as a lessor

Future aggregate minimum lease rentals receivable under non-cancellable operating leases based on contractual rental income at period end is as follows:

	As at 31 December 2019
	£'000
No later than one year	6,152
Later than one year but not later than five years	20,828
Later than five year but not later than ten years	16,418
Later than ten years	-
Total	43,398

The Company has multiple leases in issue, with various lease terms and which are commercial in nature.

15. Called-up share capital

	As at 31 December 2019
	£'000
Allotted, called up and fully paid	
126,956,533 ordinary shares of £0.01 each	1,270

The company was incorporated on 28 September 2018, issuing 2 £1 shares.

On 7 November 2018, 146,956,531 £1.00 ordinary shares were issued to Wittington UK Properties Limited. Details of this transaction are included in note 16.

On 14 March 2019, the Directors resolved to reduce the share capital of the Company by 20,000,000 shares to 126,956,533.

On 28 November 2019, the Directors resolved to reduce the share capital of the Company by reducing the nominal value of each share from £1 to £0.01. This reduced the share capital to £1,269,565.

16. Merger reserve

On 7 November 2018, WS International Properties Limited, an entity under common control, was acquired by the company, from the immediate parent company, Wittington UK Properties Limited in exchange for the issue of 146,956,531 £1 ordinary shares. Immediately following this, the assets and liabilities of WS International Properties Limited were transferred to the company and the difference of £1,673,236 between the net assets acquired by the company and the carrying value of the investment derecognised on hive up was recognised by the company as a merger reserve.

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Notes to the Financial Statements for the 65 week period ended 31 December 2019

17. Investments

	Investments £'000	Total £'000
Cost or valuation	-	-
As at 28 September 2019	-	-
Additions	146,957	146,957
Liquidation of WS International Properties Limited	(146,957)	(146,957)
As at 31 December 2019	-	-

18. Ultimate holding company

The immediate parent undertaking is Wittington UK Properties Limited, incorporated in Canada.

The Company is not consolidated with the parent company's accounts and as such the Company is both the largest and the smallest undertaking.

The Directors consider the ultimate parent company and controlling party to be Wittington Investments, Limited which is incorporated in Canada.

19. Related party transactions

The Company pays an annual management charge to SHEL Holdings Europe Limited, in relation to staff costs and overheads which are incurred at a group level. The Company incurred total fees of £912,000, of which £890,000 was outstanding as at period end. Additionally, SHEL Holdings Europe Limited paid invoices for IT software and professional fees with a value of £77,000 on behalf of the Company. There was no unpaid balance as at 31 December 2019.

On 7 November 2018, WS International Properties Limited, also a wholly owned subsidiary of Wittington UK Properties Limited, was transferred to the Company, and all trade, asset and liabilities were assumed by way of a hive up and the Company commenced trading as an investment property holding company. WS International Properties Limited was liquidated.

The Company holds leases with entities under common control. Rents are payable at a value on inception of the lease and on a quarterly basis. The total income received from the entities under common control in the period was £5,084,000. As at period end, there was £253,000 of arrears outstanding, £69,000 of accrued income recognised in respect of lease incentives, and deferred income of £1,009,000 in respect of this lease.

On 28 January 2019, the Company entered into a non-interest bearing loan arrangement with 39 Dukeson Properties Limited, also a wholly owned subsidiary of Wittington UK Properties Limited for £2,000,000. The full balance was repaid on 14 March 2019.

The company has a payable of £267,000 of group relief from an entity under common control, all of which was outstanding at period end.

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Notes to the Financial Statements for the 65 week period ended 31 December 2019

20. Dividends

	65 week period ended 31 December 2019
	£'000
Equity – ordinary	
Interim paid £0.0276 per £1 share	3,500
Interim paid £0.0236 per £0.01 share	3,000
Total	6,500

21. Events after the reporting period

Following the year end, the Covid-19 global pandemic has impacted markets across the world. In the UK, the government implemented social distancing measures through a national lockdown on 23 March 2020, closing schools and businesses to limit the spread of the virus, and a phased relaxation of the rules commenced on 1 June. The economy in the UK has slowed and the depth and duration of the impending recession remains unclear. As the impact of Covid-19 could not have been known at the balance sheet date nor were the lockdown measures in effect, it is management's view that the Covid-19 pandemic is a non-adjusting post balance sheet event.

The key areas of risk set out in the 'Principal risks and uncertainties' above are exacerbated as a result of the pandemic, with many businesses in the retail, leisure and hospitality closed for months and a significant volume of the workforce working from home where possible. The majority of rent due since the balance sheet date has been recovered. Discussions with tenants are ongoing, in some cases changes to payment profiles and deferrals have been agreed, we continue to monitor future rent collections with no long-term issues identified.

The valuation of the investment property has been prepared by CBRE, an external valuer as described in note 8. Their current view is that the adverse impact of the pandemic could be up to a 10% weakening of the property estimated rental value which could impact to valuation by up to £12.4m, or a 0.5% strengthening of rental yields which could impact the valuation by up to £17.0m. This range is contained within the sensitivity analysis provided in their valuation reports and set out in note 8.

Subsequent to the balance sheet date, there have been no other events requiring disclosure

22. Transfer of trade and assets

On 7 November 2018, the Company acquired WS International Properties Limited, an entity under common control from the immediate parent company, Wittington UK Properties Limited. Immediately following this, the assets and liabilities of Dew Properties Limited were transferred to the Company and WS International Properties Limited was subsequently liquidated. The Company has undertaken to assume, satisfy, and discharge its debts and liabilities. The book values of the assets transferred are summarised below:

	£'000
Investment property	144,811
Trade and other receivables	1,000
Cash	4,795
Trade and other payables	(1,976)
Total	148,630

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Notes to the Financial Statements for the 65 week period ended 31 December 2019

23. Financial risk management

The directors consider the Company's financial risk profile to be low. Given the nature of the Company's operations, it is not exposed to price, foreign currency or interest rate risk.

Credit risk

The Company is exposed to credit risk, although the Directors consider this to be low. The Company receives quarterly rent in advance from tenants, and a thorough financial review is performed of both the tenant and guarantor prior to the lease being signed.

Liquidity and funding

Liquidity and funding risk is the risk that the Company will not be able to meet its short term financial demands.

The company is in a net current asset position which shows that it is able to repay all outstanding debts on demand, therefore the liquidity risk is considered to be low.

Counterparty risks

Counterparty risk is the risk that one of the Company's counterparties will not live up to its contractual obligations.

The Company is exposed to counterparty risks arising from its holdings of cash and cash equivalents and outstanding debtor balances. The directors consider this risk to be low.

Sensitivity

Given the nature of the Company's activities, neither the leases nor the present financial liabilities are not exposed to changes in interest or foreign exchange rates, and as such management do not present sensitivity analysis for financial liabilities.

Capital risks management

The Company's objectives when managing capital (i.e., the shareholder's funds in the business) are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, reduce capital to shareholders, issue new shares or sell assets to reduce debt.

Investment Property

Although the group is exposed to changes in the residual value at the end of the current leases, the group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.