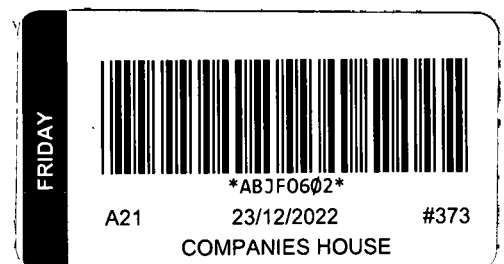


COMPANY REGISTRATION NUMBER: 01376312

**A.J. Wait & Co. Limited**  
**Financial Statements**  
**31 March 2022**



# **A.J. Wait & Co. Limited**

## **Financial Statements**

**Year ended 31 March 2022**

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<b>Contents</b>	<b>Page</b>
Officers and professional advisers	1
Directors' report	2
Independent auditor's report to the members	4
Statement of income and retained earnings	9
Statement of financial position	10
Notes to the financial statements	111

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# **A.J. Wait & Co. Limited**

## **Officers and Professional Advisers**

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**The board of directors**

F Hoddy  
K Morshead  
S E Taylor

**Registered office**

16-18 Warrior Square  
Southend-On-Sea  
Essex  
United Kingdom  
SS1 2WS

**Auditor**

Shipleys LLP  
Chartered accountants & statutory auditor  
10 Orange Street  
Haymarket  
London  
WC2H 7DQ

# **A.J. Wait & Co. Limited**

## **Directors' Report**

**Year ended 31 March 2022**

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The directors present their report and the financial statements of the company for the year ended 31 March 2022.

### **Directors**

The directors who served the company during the year were as follows:

K Morshead	
F Hoddy	(Appointed 31 December 2021)
P De Vigne	(Resigned 10 January 2022)

### **Directors' responsibilities statement**

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 judgments and accounting estimates that are reasonable and prudent;
- 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 responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditor**

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

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

### **Small company provisions**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

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# **A.J. Wait & Co. Limited**

## **Directors' Report** *(continued)*

**Year ended 31 March 2022**

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This report was approved by the board of directors on 30 September 2022 and signed on behalf of the board by:

*Sydney Taylor*

S Taylor  
Director

# **A.J. Wait & Co. Limited**

## **Independent Auditor's Report to the Members of A.J. Wait & Co. Limited**

**Year ended 31 March 2022**

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### **Opinion**

We have audited the financial statements of A.J. Wait & Co. Limited (the 'company') for the year ended 31 March 2022 which comprise the statement of income and retained earnings, statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

# **A.J. Wait & Co. Limited**

## **Independent Auditor's Report to the Members of A.J. Wait & Co. Limited**

*(continued)*

**Year ended 31 March 2022**

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### **Other information**

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

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

# **A.J. Wait & Co. Limited**

## **Independent Auditor's Report to the Members of A.J. Wait & Co. Limited**

*(continued)*

**Year ended 31 March 2022**

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### **Responsibilities of directors**

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

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

# **A.J. Wait & Co. Limited**

## **Independent Auditor's Report to the Members of A.J. Wait & Co. Limited**

*(continued)*

**Year ended 31 March 2022**

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### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the company's business, controls, legal and regulatory frameworks, laws and regulations and assessed the susceptibility of the company's financial statements to material misstatement from irregularities, including fraud, and instances of non-compliance with laws and regulations.

We understood how the Company is complying with those frameworks by making enquiries on management, and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, papers provided by the finance department, discussion with the finance department and management, and any correspondence received from regulatory and legal bodies.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by enquiring with management and the finance department, during the planning and execution phase of our audit. We considered the programs and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk including revenue recognition. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

Based on this understanding we designed our audit procedures to detecting irregularities, including fraud. Testing undertaken included making enquiries on the management; journal entry testing; board minutes and any correspondence received from regulatory bodies; reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006, tax compliance regulations and property laws and regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, evaluating advice received from tax advisors, reviewing client information with respect to to ongoing legal matters and reviewing and monitoring government releases regarding leasehold reforms. Potential changes to property laws and regulations and their impact on these financial statements are further discussed in the accounting policies in these accounts.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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# **A.J. Wait & Co. Limited**

## **Independent Auditor's Report to the Members of A.J. Wait & Co. Limited** *(continued)*

**Year ended 31 March 2022**

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### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Terrence Bourne*

Terrence Bourne (Senior Statutory Auditor)

For and on behalf of  
Shipleys LLP  
Chartered accountants & statutory auditor  
10 Orange Street  
Haymarket  
London  
WC2H 7DQ

13 October 2022

# A.J. Wait & Co. Limited

## Statement of Income and Retained Earnings

Year ended 31 March 2022

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		2022	2021 (restated)
	Note	£	£
Turnover		149,602	132,489
Cost of sales		(119,957)	(101,412)
<b>Gross profit</b>		<u>29,645</u>	<u>31,077</u>
Administrative expenses		(425)	(808)
<b>Operating profit</b>		<u>29,220</u>	<u>30,269</u>
Gain/(loss) on investment property		–	21,600
<b>Profit before taxation</b>	<b>6</b>	<u>29,220</u>	<u>51,869</u>
Tax on profit	<b>7</b>	<u>9,476</u>	<u>(4,104)</u>
<b>Profit for the financial year and total comprehensive income</b>		<u><u>38,696</u></u>	<u><u>47,765</u></u>
<b>Retained earnings at the start of the year</b>		<u>500,801</u>	<u>453,036</u>
<b>Retained earnings at the end of the year</b>		<u><u>539,497</u></u>	<u><u>500,801</u></u>

All the activities of the company are from continuing operations.

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The notes on pages 11 to 20 form part of these financial statements.

# A.J. Wait & Co. Limited

## Statement of Financial Position

31 March 2022

	Note	2022 £	2021 (restated) £
<b>Fixed assets</b>			
Investment properties	8	426,318	426,318
<b>Current assets</b>			
Debtors	9	74,467	44,576
<b>Creditors: amounts falling due within one year</b>	10	(671)	–
<b>Net current assets</b>		<u>73,796</u>	<u>44,576</u>
<b>Total assets less current liabilities</b>		500,114	470,894
<b>Provisions</b>		<u>39,483</u>	<u>30,007</u>
<b>Net assets</b>		<u>539,597</u>	<u>500,901</u>
<b>Capital and reserves</b>			
Called up share capital	12	100	100
Profit and loss account		<u>539,497</u>	<u>500,801</u>
<b>Shareholders funds</b>		<u>539,597</u>	<u>500,901</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 30 September 2022, and are signed on behalf of the board by:

*Sydney Taylor*

S Taylor  
Director

Company registration number: 01376312

The notes on pages 11 to 20 form part of these financial statements.

# A.J. Wait & Co. Limited

## Notes to the Financial Statements

Year ended 31 March 2022

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### 1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 16-18 Warrior Square, Southend-On-Sea, Essex, SS1 2WS, United Kingdom.

### 2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### 3. Accounting policies

#### Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

#### Going concern

In preparing the accounts on the going concern basis the directors have given consideration to the wider Group and company's result for the year and the wider group and the company's net asset position.

The directors have taken into account the potential legislative changes disclosed in the critical accounting estimates and assumptions section of these accounts and believe that the wider group and Company has adequate financial resources to continue as a going concern for a period of no less than 12 months from the date of signing the financial statements. This is on the grounds that the wider group is a party to a 68 year fully amortising facility. There are reserves in place to ensure that the necessary liquidity is retained in the structure so that funds are available to meet debt service liabilities as they fall due for the twelve months from which these financial statements are approved.

#### Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.

# A.J. Wait & Co. Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

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### 3. Accounting policies *(continued)*

#### Judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Critical accounting estimates and assumptions

In preparing these financial statements, the directors have made estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### Valuation of investment properties

A key accounting estimate in preparing these financial statements relates to the fair value of the investment properties. The management team and directors have extensive experience in the real estate industry including with freehold reversionary interests and the directors have determined the value of the investment properties at 1 April 2020, 1 April 2021 and 1 April 2022. Naturally, the valuation of the company's investment properties is inherently subjective, as it is made on the basis of valuation assumptions which may in future prove not to be accurate, the risk of which is heightened due to the potential legislative changes and regulatory activity noted below.

Investment properties totalling £426k (2021: £426k) included in the financial statements at 31 March 2022 have been valued by the directors, having regard to sensitivity analysis performed and market changes. Properties acquired in the year totalling £nil have been valued by the directors on the basis of a discounted cash flow valuation of the income streams generated by those assets.

See prior period errors and investment property notes for more detail.

#### Revenue recognition

Turnover comprises rent receivable and other income arising from investment properties. Deed of variation fee income is recognised at the point that the underlying leases are varied.

Rental income is recognised in accordance with the terms of the lease. Inflationary uplifts to rental income are recognised when received. Non-inflationary uplifts are also recognised when received as the directors are of the opinion that to recognise the impact of those uplifts on a straight line basis over such long term leases (up to 999 years) would not give a true and fair view as the period between recognition and actual collection would be of sufficient length to cause uncertainty over the value to be collected.

Turnover is recognised at the fair value of the consideration received or receivable for rental income charged to external tenants in the ordinary nature of the business. Turnover is shown net of value added tax.

# A.J. Wait & Co. Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

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### 3. Accounting policies *(continued)*

#### Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

#### Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

#### Investment property

The Company's holding of freehold reversionary interests are classified as investment properties and are initially measured at cost and subsequently measured at fair value where a reliable measure of fair value is available. Changes in fair value are recognised in the statement of comprehensive income.

These assets represent interests held in the freehold land on which third party developers have built and sold long leasehold properties. As such these assets generate income in the form of annual ground rents along with other ancillary fixed income streams.

Recognising the nature of these investment properties and the lack of a regular market for significant portfolios of such assets, the directors are of the opinion that the best approximation to fair value for these properties is provided by a discounted cash flow valuation of the income streams generated by these assets. Investment properties totalling £426k (2021: £426k) included in the financial statements at 31 March 2022 were valued by the directors, having regard to a 31 March 2021 valuation and sensitivity analysis performed by the independent actuaries, and market changes in the intervening period. Properties acquired in the year totalling £nil have been valued by the directors on the basis of a discounted cash flow valuation of the income streams generated by those assets.

# A.J. Wait & Co. Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 March 2022

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#### 3. Accounting policies *(continued)*

The directors also recognise, given the lack of a regular market for such significant portfolios of assets, that these fair values may not be realised should the group seek to dispose of any or all of the investment properties in a short period of time.

#### **Impairment of fixed assets**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

#### **Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

# A.J. Wait & Co. Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 March 2022

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#### 3. Accounting policies *(continued)*

##### Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to its financial instruments.

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument, and are offset only when the company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### Financial assets

##### Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

##### Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments 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.

##### Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

##### Creditors

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

##### Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

##### Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

# A.J. Wait & Co. Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

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### 4. Employees

The entity did not have any employees, including the directors and key management personnel under contracts of employment in the current or prior period.

### 5. Auditors remuneration

The audit fee of £2,600 is being borne by the ultimate parent undertaking and is not recharged.

### 6. Profit before taxation

Profit before taxation is stated after crediting:

	2022	2021 <i>(restated)</i>
	£	£
Fair value adjustments to financial assets measured at fair value through profit or loss	—	<u>(21,600)</u>

### 7. Tax on profit

#### Major components of tax income

	2022	2021 <i>(restated)</i>
	£	£
<b>Deferred tax:</b>		
Origination and reversal of timing differences	<u>(9,476)</u>	<u>(30,007)</u>
<b>Tax on profit</b>	<u>(9,476)</u>	<u>(30,007)</u>

### 8. Investment properties

	Investment properties £
<b>Cost</b>	
At 1 April 2021 (as restated) and 31 March 2022	<u>426,318</u>
<b>Depreciation</b>	
At 1 April 2021 and 31 March 2022	<u>—</u>
<b>Carrying amount</b>	
At 31 March 2022	<u>426,318</u>
At 31 March 2021	<u>426,318</u>

# A.J. Wait & Co. Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

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### 8. Investment properties *(continued)*

The investment properties represent a portfolio of freehold reversionary interests that generate ground rents as the principal income stream. The management team and directors have extensive experience in the real estate industry including with freehold reversionary interests and the directors have determined the value of the investment properties at 1 April 2020, 1 April 2021 and 1 April 2022. The majority of the investment properties (approximately 99% by value at each of the three valuation dates) are made up of the following three categories:

Long leases - Those with a remaining term of at least 80 years.

Short leases - Those with a remaining term of fewer than 80 years.

Option leases - Those with an option that allows these units to enfranchise at a set value.

The bases of the valuations for these investment properties were:

Long leases - These were valued using the established principle that freehold long leases are valued at a Years Purchase (YP) multiple of ground rent, with YP being the amount yielded by the annual income of property and used in expressing the value of an asset in the number of years required for its income to yield its purchase price. In determining which YP multiple was appropriate to value a particular unit, the directors considered factors including the frequency and pattern of the ground rent review, date of the next review and the level of ground rent.

Short leases - These were valued in accordance with the Leasehold Reform, Housing and Urban Development Act 1993. The statute prescribes the way lease extension premiums and enfranchisements are to be calculated. The value is broadly comprised of three elements: Ground Rent Value, Reversionary Value and Marriage Value.

- The Ground Rent Value is calculated by capitalising the income stream at capitalisation rates ranging from 6% and 8% dependant on the rent review type of the lease. The factors to be considered when choosing which capitalisation rate to adopt were set down in the Lands Tribunal case of *Nicholson v Goff* 2,007 1 EGLR 83 and remain the binding precedent today. This income stream is capitalised to a present-day value for the benefit of the future income stream. Fundamentally, the more desirable the income stream the greater sum the Landlord should be compensated for losing that revenue.
  - The Reversionary Value follows a similar method and provides a present-day value for the loss of the capital sum (the value of the flat) when the lease expires in X years' time. The valuer will ascertain the current Vacant Possession Value (VPV) of the property and apply a deferment rate to calculate the sum to be paid today in compensation for that sum in the future. The discount rates applied range from 5.00% to 5.75% dependant on the property's growth rate, risk of obsolescence and other factors (as set down in the House of Lords case *Cadogan v Sportelli* 2,007). VPVs have been taken from multiple sources with the majority being from a CBRE valuation dated December 2021. Where no independent valuation was available, a VPV was determined by the directors using comparable evidence from Rightmove and Land Registry. VPVs have been adjusted for indexation for the different valuation dates using data from the UK House Price Index.
  - The Marriage Value is the value created by the coalescence of the freehold and leasehold interests. The freeholder's interest in the property is the capitalised Ground Rent Value plus the Reversionary Value. The leaseholder's interest is derived from a VPV multiplied by a percentage of ownership. The percentage ownership is taken from a blend of relativity curves published by RICS chartered surveyors Beckett & Kay, South East Leasehold, Nesbit, Austin Gray and Pridell. Where the combined value of the freehold and leasehold interest is lower than the VPV, this difference is defined as Marriage Value and attributed to the freeholder
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# A.J. Wait & Co. Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 March 2022

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**8. Investment properties *(continued)***  
and the leaseholder equally.

Option leases - These were valued assuming that leaseholders exercise their option to enfranchise and so the valuation is the option price, which in most cases is a low multiple of the ground rent.

**Investment properties held at valuation**

In respect of investment properties held at valuation, the aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

	<b>Investment properties £</b>
<b>At 31 March 2022</b>	
Aggregate cost	584,249
Aggregate depreciation	—
<b>Carrying value</b>	<u>584,249</u>
At 31 March 2021	
Aggregate cost	—
Aggregate depreciation	—
<b>Carrying value</b>	<u>—</u>

**9. Debtors**

	<b>2022</b>	<b>2021 <i>(restated)</i></b>
	£	£
Trade debtors	23,876	35,688
Amounts owed by group undertakings	50,591	8,766
Other debtors	—	122
	<u>74,467</u>	<u>44,576</u>

Amounts owed by group undertakings are interest free, unsecured and repayable on demand.

**10. Creditors: amounts falling due within one year**

	<b>2022</b>	<b>2021 <i>(restated)</i></b>
	£	£
Other creditors	<u>671</u>	<u>—</u>

# A.J. Wait & Co. Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 March 2022

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#### 11. Prior period errors

Historically ground rents acquired by the company were classified as stock which was accounted for at the lower of purchase cost and estimated selling price. It has been identified by management during the current year that these ground rents should have been classified as investment properties to reflect their intended use, initially measured at cost upon acquisition and subsequently measured at fair value where a reliable measure of fair value is available. Changes in fair value are recognised in the statement of income and retained earnings.

As a result of the above, the prior year comparatives have been restated to reclassify £584k of stock to investment properties, as disclosed in note 8. The impact to the beginning of the earliest period presented as at 1 April 2020 is £405k to investment properties. The remeasurement of the investment properties to their fair value at the reporting date resulted in a decrease of £180k to investment properties with a corresponding decrease to the profit and loss reserves. The restatement has resulted in a fair value gain on investment property recognised in other comprehensive income of £22k as at 31 March 2021, as disclosed in note 6. A corresponding deferred tax asset of £30k (disclosed in note 7) has also been recognised. The previously recognised other reserve relating to unrealised gains in respect of the Company's ground rents of £473k, has been transferred to Profit and loss reserves within the Statement of Financial position. The overall impact of these adjustments is to decrease the net assets by £17k.

#### 12. Called up share capital

##### Issued, called up and fully paid

	2022		2021 <i>(restated)</i>	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

The Company's ordinary shares, carry full voting rights, dividends and right to distribution on wind up.

#### 13. Other financial commitments

As at the reporting date, the company had no capital or other commitments or contracts for capital expenditure in place (2021: £nil).

#### 14. Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under FRS 102. No transactions with related parties were undertaken such as are required to be disclosed under FRS 102 Section 1A.

# A.J. Wait & Co. Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

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### 15. Controlling party

The company is a wholly owned subsidiary of Long Term Reversions (Gloucester) Limited, a company incorporated in the UK with a registered office of 16-18 Warrior Square, Southend-On-Sea, Essex, SS1 2WS.

The ultimate parent company is Regis Group (Holdings) Limited a company incorporated in the UK with a registered office of 16-18 Warrior Square, Southend-On-Sea, Essex, SS1 2WS.

Regis Group (Holdings) Limited prepares consolidated accounts which are available to the public from Companies House at Crown Way, Cardiff, CF14 3UZ, DX 33050, Cardiff. This is both the largest and smallest group of undertakings for which consolidated accounts are drawn up.

The company is ultimately controlled by N C Gould and P E Gould by virtue of their interest in the issued share capital of the ultimate parent company, Regis Group (Holdings) Limited, held both directly as individuals and indirectly through the Frank Gould 1998 No1 Settlement of which they are both trustees and beneficiaries.