

WATERLOO INVESTMENTS LIMITED



Directors' Report And Financial Statements For the year ended 29 February 2012

Company Registration No 02592027 (England And Wales)

WATERLOO INVESTMENTS LIMITED

COMPANY INFORMATION

Directors	K B Nilsson K MacRae
Secretary	K B Nilsson
Company number	02592027
Registered office	8 Albion Riverside 8 Hester Road London SW11 4AX
Auditors	Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD
Bankers	The Royal Bank of Scotland 29 Old Brompton Road London SW7 3JE

WATERLOO INVESTMENTS LIMITED

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WATERLOO INVESTMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 29 FEBRUARY 2012

The Directors present their report and financial statements for the year ended 29 February 2012

Principal activities and review of the business

The principal activity of the Company throughout the year was property development and management services. The results for the year were as anticipated by the Directors.

Results and dividends

The results for the year are set out on page 3.

Directors

The following Directors have held office since 1 March 2011:

K B Nilsson

M K Santilale (resigned 19 July 2011)

K MacRae (appointed 19 July 2011)

Auditors

The auditors, Kingston Smith LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Directors' responsibilities

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 of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

Statement of disclosure to auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, the Directors have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the board



K B Nilsson

Director

23 August 2012

WATERLOO INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF WATERLOO INVESTMENTS LIMITED

We have audited the financial statements of Waterloo Investments Limited for the year ended 29 February 2012 set out on pages 3 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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.

Respective responsibilities of director and auditors

As explained more fully in the Directors' Responsibilities Statement on page 1, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 29 February 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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



Matthew Meadows (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP

**Chartered Accountants
Statutory Auditor**

Devonshire House
60 Goswell Road
London
EC1M 7AD

23 August 2012

WATERLOO INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 29 FEBRUARY 2012

	Notes	2012 £	2011 £
Turnover	2	772,332	1,169,648
Administrative expenses		(1,210,895)	(1,702,494)
Other operating costs			
Exceptional item	3	(265,000)	-
Other operating income		-	2,000
Operating loss	4	(703,563)	(530,846)
Interest payable and similar charges	5	(17,658)	(1,973)
Other gains	6	40,500	-
Loss on ordinary activities before taxation		(680,721)	(532,819)
Tax on loss on ordinary activities	7	97,659	-
Loss for the year	14	(583,062)	(532,819)

The profit and loss account has been prepared on the basis that all operations are continuing operations

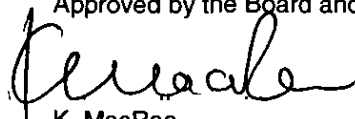
There are no recognised gains and losses other than those passing through the profit and loss account

WATERLOO INVESTMENTS LIMITED

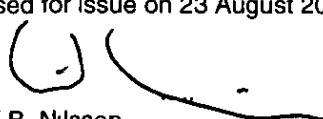
BALANCE SHEET AS AT 29 FEBRUARY 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Tangible assets	8		21,962		27,771
Current assets					
Debtors	9	7,086,898		10,583,870	
Cash at bank and in hand		48,600		305	
		<u>7,135,498</u>		<u>10,584,175</u>	
Creditors: amounts falling due within one year	10	<u>(9,531,653)</u>		<u>(12,073,077)</u>	
Net current liabilities			<u>(2,396,155)</u>		<u>(1,488,902)</u>
Total assets less current liabilities			<u>(2,374,193)</u>		<u>(1,461,131)</u>
Provision for liabilities	11	<u>-</u>		<u>(330,000)</u>	
Total assets less total liabilities			<u><u>(2,374,193)</u></u>		<u><u>(1,791,131)</u></u>
Capital and reserves					
Called up share capital	13		100		100
Profit and loss account	14		<u>(2,374,293)</u>		<u>(1,791,231)</u>
Shareholder's funds	15		<u><u>(2,374,193)</u></u>		<u><u>(1,791,131)</u></u>

Approved by the Board and authorised for issue on 23 August 2012



K MacRae
Director



K B Nilsson
Director

Company Registration No 02592027

WATERLOO INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

Going concern

At 29 February 2012, the Company's balance sheet shows net liabilities of £2,374,193 (2011 £1,791,131). The Company is making operating losses, which suggests that the going concern basis may not be appropriate. The Company has received written assurances from its parent, Northacre PLC that it will continue to support the Company in all of its working capital requirements until at least 12 months from the date of the signing of these accounts. The Directors of Northacre PLC have prepared projected cash flow information, which shows that it has the capacity to support the Company for at least 12 months from the date of the signing of these accounts. On this basis, the Directors consider it appropriate to prepare the financial statements on the going concern basis.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable in respect of management fees and is stated net of VAT.

Turnover also represents amounts charged to other Group companies for management services provided.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	33 1/3% straight line
Fixtures, fittings & equipment	25% straight line

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Pensions

The Company makes contributions to the private pension scheme of one Director and other staff members. The pension cost charge represents contributions payable to the schemes during the year.

1.7 Deferred taxation

In accordance with FRS 19, deferred tax is recognised as a liability or asset if transactions or events that give the company the obligation to pay more tax in future or a right to pay less tax in future have occurred by the balance sheet date. The deferred tax balance has not been discounted.

2 Turnover

The turnover of the Company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Exceptional item

	2012 £	2011 £
Consultancy fees	200,000	-
Compensation for loss of office	65,000	-
	<u>265,000</u>	<u>-</u>

The exceptional item represents part of directors' emoluments as per note 18. Compensation for loss of office of £65,000 (2011 £nil) was paid during the period and consultancy fees of £200,000 (2011 £nil) will be paid after sufficient profits are received from The Lancasters Development.

WATERLOO INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2012

4 Operating loss

	2012 £	2011 £
Operating loss is stated after charging		
Depreciation of tangible assets	15,942	16,413
Operating lease rentals		
- Plant and machinery	7,566	6,627
- Land and buildings	96,431	110,926
Auditors' remuneration	8,018	8,490

5 Interest payable and similar charges

	2012 £	2011 £
On bank loans and overdrafts	727	884
Other interest	16,931	1,089
	17,658	1,973

6 Other gains

	2012 £	2011 £
Write back of provision for acquisition of Templeco 643 Limited in lieu of settlement	40,500	-

7 Taxation

	2012 £	2011 £
Current tax credit	(97,659)	-
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(680,721)	(532,819)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.00% (2011 – 28.00%)	(176,987)	(149,189)
Effects of		
Non-deductible expenses	5,706	568
Depreciation	4,171	2,368
Capital and annual investment allowance	(3,608)	(6,930)
Loss carried forward	170,718	153,183
Consortium relief	(97,659)	-
	79,328	149,189
Current tax credit	(97,659)	-

The Company has trade losses of £1,094,399 (2011 £578,435) subject to HMRC agreement to set against future taxable profits. A deferred tax asset has not been recognised due to uncertainty of the timing of future taxable profits.

WATERLOO INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2012

8 Tangible fixed assets

	Computer Equipment	Fixtures, Fittings & Equipment	Total
	£	£	£
Cost			
At 1 March 2011	180,915	212,967	393,882
Additions	8,061	5,521	13,582
Disposals	(100,588)	(199,632)	(300,220)
At 29 February 2012	88,388	18,856	107,244
Depreciation			
At 1 March 2011	165,896	200,215	366,111
Charge for the year	11,494	4,448	15,942
Disposals	(100,588)	(196,183)	(296,771)
At 29 February 2012	76,802	8,480	85,282
Net book value			
At 29 February 2012	11,586	10,376	21,962
At 28 February 2011	15,019	12,752	27,771

9 Debtors

	2012 £	2011 £
Amounts owed by parent and fellow subsidiary undertakings	7,058,172	7,942,884
Other debtors	-	2,483
Prepayments and accrued income	28,726	2,638,503
	<u>7,086,898</u>	<u>10,583,870</u>

10 Creditors. amounts falling due within one year

	2012 £	2011 £
Bank loans and overdrafts	-	49,454
Trade creditors	655	10,414
Amounts owed to parent and fellow subsidiary undertakings	9,006,444	8,032,758
Taxes and social security costs	95,418	253,185
Other creditors	102,000	-
Accruals and deferred income	327,136	3,727,266
	<u>9,531,653</u>	<u>12,073,077</u>

11 Provision for liabilities

	2012 £	2011 £
Provision for acquisition of Templeco 643 Limited in lieu of settlement at 1 March 2011	330,000	330,000
Payment in year	(187,500)	-
Write back of provision in year	(40,500)	-
Transfer to creditors amounts falling due within one year	(102,000)	-
At 29 February 2012	<u>-</u>	<u>330,000</u>

WATERLOO INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2012

12 Pension costs

Defined contribution

	2012 £	2011 £
Contributions payable by the Company for the year	83,950	25,840

13 Share capital

	2012 £	2011 £
Allotted, called up and fully paid 100 Ordinary shares of £1	100	100

14 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 March 2011	(1,791,231)
Loss for the year	(583,062)
Balance at 29 February 2012	(2,374,293)

15 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Loss for the financial year	(583,062)	(532,819)
Opening shareholders' funds	(1,791,131)	(1,258,312)
Closing shareholders' funds	(2,374,193)	(1,791,131)

16 Contingent liabilities

A third party has brought a claim against the Company regarding payment of a profit share in respect of a completed development. Legal proceedings were commenced by the third party in 2001. The amount claimed is £744,008. The Company has counterclaimed against the third party for £333,708 plus interest and costs. No provision has been made in these accounts for this liability as the Board are of the firm opinion that there is no prospect that the claim against the Company will be successful.

The Company is included in a group registration for VAT purposes and is therefore jointly and severally liable for all other group companies' VAT liabilities amounting to £123,804 (2011: £56,570).

WATERLOO INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2012

17 Financial commitments

At 29 February 2012 the Company was committed to making the following payments under non-cancellable leases in the year to 28 February 2013

	Other 2012 £	2011 £
Operating leases which expire		
Less than one year	-	212
Between two and five years	5,549	5,549
	<u>5,549</u>	<u>5,761</u>

18 Directors' emoluments

	2012 £	2011 £
Emoluments for qualifying services	361,088	211,466
Company pension contributions to money purchase schemes	5,624	10,440
	<u>366,712</u>	<u>221,906</u>

Directors' remuneration disclosed above relates to only one Director during the current and preceding year. The total emoluments of £361,088 (2011 £211,466) includes salary of £96,088 (2011 £211,466), compensation for loss of office £65,000 (2011 £nil) and consultancy fees £200,000 (2011 £nil). The consultancy fees have been accrued and will be paid after sufficient profit is received from The Lancasters Development.

The number of Directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2011 - 1).

19 Employees

Number of employees

The average monthly number of employees (including Directors) during the year was

	2012 Number	2011 Number
Office and management	<u>11</u>	<u>13</u>

Employment costs

	2012 £	2011 £
Wages and salaries	1,010,843	1,054,704
Social security costs	152,849	139,274
Other pension costs	83,950	25,840
	<u>1,247,642</u>	<u>1,219,818</u>

WATERLOO INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2012

20 Control

The Company is a wholly owned subsidiary of Northacre PLC, its immediate and ultimate parent Company, a Company registered in England and Wales. Copies of the Group financial statements are available from 8 Albion Riverside, 8 Hester Road, London SW11 4AX.

21 Related party transactions

The Company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with Group companies on the grounds that consolidated financial statements are prepared by the ultimate parent Company.