

Walworth Investment Properties Limited
Financial statements
30 September 2013



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Walworth Investment Properties Limited

Financial statements

Period from 27 February 2013 to 30 September 2013

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Walworth Investment Properties Limited

Officers and professional advisers

The board of directors

Andrew R Giblin
Trevor Moross
Duncan J Salvesen
Nicholas M F Jopling
Mark Greenwood
Andrew P Saunderson

Company secretary

Michael P Windle

Registered office

Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JE

Auditor

PricewaterhouseCoopers LLP
Chartered Accountants
& Statutory Auditor
Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3AZ

Bankers

HSBC
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Solicitors

Bond Dickinson LLP
St Ann's Wharf
112 Quayside
Newcastle Upon Tyne
NE99 1SB

Walworth Investment Properties Limited

The directors' report

Period from 27 February 2013 to 30 September 2013

The directors have pleasure in presenting their report and the financial statements of the company for the period from 27 February 2013 to 30 September 2013

Incorporation

The company was incorporated on 27 February 2013

Principal activities

The principal activity of the company during the year was property investment

Directors

The directors who served the company during the period were as follows

Andrew R Giblin	(Appointed 10 July 2013)
Trevor Moross	(Appointed 10 May 2013)
Duncan J Salvesen	(Appointed 10 May 2013)
Nicholas M F Jopling	(Appointed 14 March 2013)
Mark Greenwood	(Appointed 10 May 2013)
Andrew P Saunderson	(Appointed 10 May 2013)
Alexander W W Greaves	(Served from 14 March 2013 to 10 May 2013)
Sean T Nicolson	(Served from 27 February 2013 to 14 March 2013)

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 those 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,
- 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.

Walworth Investment Properties Limited

The directors' report *(continued)*

Period from 27 February 2013 to 30 September 2013

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditor

PricewaterhouseCoopers LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Signed by order of the directors



Michael P Windle
Company Secretary

Approved by the directors on 21 February 2014

Walworth Investment Properties Limited

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

Period from 27 February 2013 to 30 September 2013

We have audited the financial statements of Walworth Investment Properties Limited for the year ended 30 September 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2 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.

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.

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, and 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 30 September 2013 and of its profit 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 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.

Walworth Investment Properties Limited

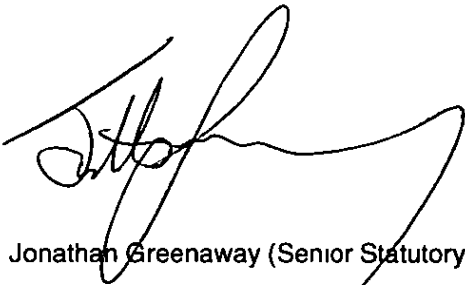
Independent auditor's report to the shareholders of Walworth Investment Properties Limited

Period from 27 February 2013 to 30 September 2013

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, or
- the directors were not entitled to prepare financial statements in accordance with the small company regime and take advantage of the small companies' exemption in preparing the Directors' Report



Jonathan Greenaway (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Newcastle upon Tyne

21 February 2014

Walworth Investment Properties Limited

Profit and loss account

Period from 27 February 2013 to 30 September 2013

		Period from 27 Feb 13 to 30 Sep 13 £
Turnover	Note 2	2,199,260
Cost of sales		(489,480)
Gross profit		1,709,780
Administrative expenses		(288,049)
Operating profit	3	1,421,731
Profit on disposal of fixed assets	4	76,057
Interest payable and similar charges		(1,331,391)
Profit on ordinary activities before taxation		166,397
Tax on profit on ordinary activities	5	(33,279)
Profit for the financial period		133,118

All of the activities of the company are classed as continuing

The notes on pages 9 to 13 form part of these financial statements

Walworth Investment Properties Limited

Statement of total recognised gains and losses

Period from 27 February 2013 to 30 September 2013

	Period from 27 Feb 13 to 30 Sep 13 £
Profit for the financial period attributable to the shareholders	133,118
Unrealised profit on revaluation of certain fixed assets	<u>19,597,830</u>
Total gains and losses recognised for the period	<u>19,730,948</u>

The notes on pages 9 to 13 form part of these financial statements

Walworth Investment Properties Limited

Balance sheet

30 September 2013

	Note	£	30 Sep 13 £
Fixed assets			
Tangible assets	6		132,512,664
Current assets			
Debtors	7	220,730	
Cash at bank		2,743,225	
		<u>2,963,955</u>	
Creditors: Amounts falling due within one year	8	<u>(950,117)</u>	
Net current assets			<u>2,013,838</u>
Total assets less current liabilities			<u>134,526,502</u>
Creditors: Amounts falling due after more than one year	9		<u>(71,962,554)</u>
			<u><u>62,563,948</u></u>
Capital and reserves			
Called-up equity share capital	11		42,833,000
Revaluation reserve	12		19,597,830
Profit and loss account	13		<u>133,118</u>
Shareholders' funds	14		<u><u>62,563,948</u></u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

These financial statements were approved by the directors and authorised for issue on 21 February 2014, and are signed on their behalf by



Mark Greenwood
Director

Company Registration Number 08422737

The notes on pages 9 to 13 form part of these financial statements.

Walworth Investment Properties Limited

Notes to the financial statements

Period from 27 February 2013 to 30 September 2013

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable UK accounting standards

The financial statements are prepared on the going concern basis in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom, which have been applied consistently throughout the year

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small

Turnover

Turnover comprises gross rentals and sundry other income, exclusive of VAT

Fixed assets

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition. Repairs are expensed to the profit and loss account as incurred. Improvement costs are capitalised.

Investment properties

In accordance with SSAP 19, (i) investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, unless any diminution in value of an individual property is considered permanent, in which case the deficit is taken to the profit and loss account and (ii) no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run. The requirement of the Companies Act 2006 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that to depreciate such properties would not give a true and fair view, but that a true and fair view is given by following SSAP 19 as described above. Full valuations are made by independent professionally qualified valuers every year. The basis of valuation is explained in the tangible fixed assets note.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Walworth Investment Properties Limited

Notes to the financial statements

Period from 27 February 2013 to 30 September 2013

2 Turnover

The total turnover of the company has been derived from its principal activity, wholly undertaken in the UK, as defined in the directors' report

3 Operating profit

Operating profit is stated after charging

Period from
27 Feb 13 to
30 Sep 13
£
8,500

Auditor's fees

Audit fees are statutory audit fees only

There are no persons holding service contracts with the company. None of the directors received any remuneration from the company during the period

4 Profit on disposal of fixed assets

Period from
27 Feb 13 to
30 Sep 13
£
76,057

Profit on disposal of fixed assets

5 Taxation on ordinary activities

(a) Analysis of charge in the period

Period from
27 Feb 13 to
30 Sep 13
£

Current tax

UK Corporation tax based on the results for the period at 23% 33,279

Total current tax 33,279

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 23%

Period from
27 Feb 13 to
30 Sep 13
£

Profit on ordinary activities before taxation 166,397

Profit on ordinary activities by rate of tax 38,271
Tax chargeable at lower rates (4,992)

Total current tax (note 5(a)) 33,279

Walworth Investment Properties Limited

Notes to the financial statements

Period from 27 February 2013 to 30 September 2013

5 Taxation on ordinary activities *(continued)* (c) Factors that may affect future tax charges

There are no other factors that are expected to significantly affect the taxation charge in future years

6 Tangible fixed assets

	Investment properties £
Cost or valuation	
Additions	113,171,616
Disposals	(256,782)
Revaluation	19,597,830
At 30 September 2013	<u>132,512,664</u>
Depreciation	
At 27 February 2013 and 30 September 2013	<u>—</u>
Net book value	
At 30 September 2013	<u>132,512,664</u>

Investment properties were revalued at 30 September 2013 by Allsop LLP. The valuations represent estimates of the open market value of the properties subject to the tenancies then existing. The historical cost of these properties is £112,914,834. The potential corporation tax liability, had these properties been sold at the balance sheet date, was £4,507,501.

7 Debtors

	30 Sep 13 £
Trade debtors	87,537
Other debtors	133,193
	<u>220,730</u>

8 Creditors Amounts falling due within one year

	30 Sep 13 £
Trade creditors	6,798
Corporation tax	33,279
Other taxation	4,271
Other creditors	905,769
	<u>950,117</u>

Walworth Investment Properties Limited

Notes to the financial statements

Period from 27 February 2013 to 30 September 2013

9. Creditors: Amounts falling due after more than one year

	30 Sep 13 £
Bank loans and overdrafts	58,962,554
Other creditors	13,000,000
	<u>71,962,554</u>

Included within other creditors are £6,500,000 of loan notes due to Grainger Finance Company Limited and £6,500,000 due to Dorrington Investment Plc

The bank loan is repayable over 5 years from its inception in May 2013. Interest is charged on the loan at a floating rate of 3 month LIBOR plus a margin of 2.80%, although part of the loan is subject to a fixed interest rate swap and cap. The bank loan is secured on the property portfolio.

The loan is repayable in a bullet payment in 2018 although partial early repayment is required if loan to value rises above 50%.

	2013 £
Between 2 and 5 years	60,000,000
Less unamortised loan costs	(1,037,446)
	<u>58,962,554</u>

10. Related party transactions

Included within other creditors are £6,500,000 of loan notes due to Grainger Finance Company Limited and £6,500,000 due to Dorrington Investment Plc. Both Grainger Finance Company Limited and Dorrington Investment Plc charged the company interest of £179,507 during the period on the outstanding loans. The interest to both companies was outstanding at 30 September 2013.

During the period the company was charged management fees of £15,781 from both Grainger Asset Management Limited and Dorrington Management Limited, all of which were outstanding at 30 September 2013. Grainger Asset Management Limited is deemed to be a related party as defined by FRS8 by virtue of it being a subsidiary of Grainger plc, the ultimate controlling party of Atlantic Metropolitan (U.K.) Limited which owns 50% of Walworth Investment Properties Limited. Dorrington Management Limited is deemed to be a related party as defined by FRS8 by virtue of it being a subsidiary of Dorrington plc, the ultimate controlling party of Dorrington Investment plc which owns 50% of Walworth Investment Properties Limited.

11. Share capital

Allotted, called up and fully paid:

	No	£
21,416,500 Ordinary 'A' shares of £1 each	21,416,500	21,416,500
21,416,500 Ordinary 'B' shares of £1 each	21,416,500	21,416,500
	<u>42,833,000</u>	<u>42,833,000</u>

Walworth Investment Properties Limited

Notes to the financial statements

Period from 27 February 2013 to 30 September 2013

11. Share capital *(continued)*

1 ordinary £1 share issued on incorporation (subscribers share)

1 ordinary £1 share allotted on 9 May 2013

The above 2 ordinary shares were converted to 'A' and 'B' £1 shares on 10 May 2013

21,416,499 ordinary 'A' shares were issued on 10 May 2013

21,416,499 ordinary 'B' shares were issued on 10 May 2013

12 Revaluation reserve

Period from
27 Feb 13 to
30 Sep 13
£

Revaluation of fixed assets

19,597,830

Balance carried forward

19,597,830

13. Profit and loss account

Period from
27 Feb 13 to
30 Sep 13
£

Profit for the financial period

133,118

Balance carried forward

133,118

14. Reconciliation of movements in shareholders' funds

30 Sep 13
£

Profit for the financial period

133,118

Other net recognised gains and losses

19,597,830

New ordinary share capital subscribed

42,833,000

Net addition to shareholders' funds

62,563,948

Closing shareholders' funds

62,563,948

15. Ultimate parent undertaking and controlling party

Walworth Investment Properties Limited is a 50/50 joint venture between Atlantic Metropolitan (U K) Limited (a company registered in England and Wales) and Dorrington Investment Plc (a company registered in England and Wales)

It is the view of the directors of the company that the company is controlled jointly by the above shareholders and therefore the company has no ultimate controlling party