

WALLACE PROPERTY INVESTMENTS LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2012

Company Registration Number SC216019



RSM Tenon Limited
Accountants and Business Advisers
160 Dundee Street
Edinburgh
EH11 1DQ

WALLACE PROPERTY INVESTMENTS LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2012

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WALLACE PROPERTY INVESTMENTS LIMITED
INDEPENDENT AUDITOR'S REPORT TO WALLACE PROPERTY
INVESTMENTS LIMITED

UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages 3 to 7, together with the financial statements of Wallace Property Investments Limited for the year ended 30 September 2012 prepared under Section 396 of the Companies Act 2006.

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditor

The director is responsible for preparing the abbreviated accounts in accordance with Section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 444(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.

Other information

On 22/5/13 we reported as auditor to the members of the company on the financial statements prepared under Section 396 of the Companies Act 2006 and our report included the following paragraph:

WALLACE PROPERTY INVESTMENTS LIMITED
INDEPENDENT AUDITOR'S REPORT TO WALLACE PROPERTY
INVESTMENTS LIMITED *(continued)*

UNDER SECTION 449 OF THE COMPANIES ACT 2006

Emphasis of matter - going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company recorded a profit before tax of £864,202 (2011: loss of £1,228,104) during the year to 30 September 2012 and, at that date, the company's total liabilities exceeded its assets by £2,937,151 (2011: £3,801,353).

These conditions, together with the other circumstances explained in note 1 indicate the existence of a material uncertainty which may cast doubt about the company's ability to continue as a going concern. The financial statements do not contain any adjustments that would result if the company was unable to continue as a going concern.

Fiona Martin, Senior Statutory Auditor
For and on behalf of

RSM Tenon Audit Limited

RSM Tenon Audit Limited
Statutory Auditor
160 Dundee Street
Edinburgh
EH11 1DQ

Date:- 22/5/13

WALLACE PROPERTY INVESTMENTS LIMITED

Registered Number SC216019

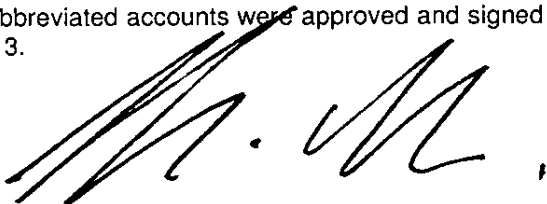
ABBREVIATED BALANCE SHEET**30 SEPTEMBER 2012**

	Note	2012 £	£	2011 £	£
Fixed assets	2				
Tangible assets			9,775,000		9,775,000
Current assets					
Debtors		55,254		147,117	
Cash at bank and in hand		177,155		1,178,636	
		232,409		1,325,753	
Creditors: Amounts falling due within one year		(916,706)		(14,502,106)	
Net current liabilities			(684,297)		(13,176,353)
Total assets less current liabilities			9,090,703		(3,401,353)
Creditors: Amounts falling due after more than one year			(11,640,354)		-
Provisions for liabilities			(387,500)		(400,000)
			<u>(2,937,151)</u>		<u>(3,801,353)</u>
Capital and reserves					
Called-up share capital	5		1,000		1,000
Profit and loss account			(2,938,151)		(3,802,353)
Shareholder's deficit			<u>(2,937,151)</u>		<u>(3,801,353)</u>

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

These abbreviated accounts were approved and signed by the director and authorised for issue on 16 May 2013.

W D Hill
Director



The notes on pages 4 to 7 form part of these abbreviated accounts.

WALLACE PROPERTY INVESTMENTS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 30 SEPTEMBER 2012

1. Accounting policies

Basis of accounting

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

Going concern

During the year the company generated a profit, after exceptional items, of £864,202 (2011: loss of £1,228,104) and at the balance sheet date had a shareholder's deficit of £2,937,151 (2011: £3,801,353). The company meets its day to day working capital requirements through support from its bank and income generated from renting out its investment properties.

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the adequacy of on-going bank borrowing facilities. In March 2012, the joint venture agreement between HFD (Investments) Limited and The Royal Bank of Scotland plc was terminated. At this time, the company's bank loan facility was restructured. The new loan facility, which amounted to £11,650,000, is repayable in quarterly instalments and expires on 31 March 2015. The director has prepared financial projections which extend to 31 March 2015. The projections indicate that the company will have sufficient cash resources available to continue to meet its normal trading liabilities and quarterly bank loan repayments and interest charges as they fall due for the next 12 months.

The director therefore believes that the financial statements should be prepared on a going concern basis.

If the company was unable to continue in operational existence for the foreseeable future adjustments would have to be made to amend the balance sheet values of assets to their recoverable amounts and to provide for future liabilities that might arise.

Cash flow statement

The director has 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

The turnover shown in the profit and loss account represents rental income which is recognised on a straight-line basis over the period of the lease. The company's activities are carried out wholly in the UK and are recorded exclusive of Value Added Tax.

WALLACE PROPERTY INVESTMENTS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 30 SEPTEMBER 2012

1. Accounting policies (continued)

Investment properties

The company's investment properties are shown at market value in the financial statements with any surplus over the cost being transferred to a revaluation reserve; where revaluation is less than cost and is considered to be permanent in nature, the shortfall is firstly adjusted out of the revaluation reserve and the excess amount charged to the profit and loss account. Where the fall in value is considered to be temporary, any adjustment is taken to the revaluation reserve.

No depreciation is provided in respect of the company's investment properties. Although the Companies Act 2006 would normally require the systematic depreciation of fixed assets, the directors believe that this policy of not providing depreciation on investment properties is necessary in order for the financial statements to give a true and fair view as market valuation is more relevant than a measure of consumption in the activities of the company. It's the director's policy to maintain the properties in good condition thus prolonging their useful life. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

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 that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

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

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Issue costs

Borrowings are stated net of related issue costs which have been incurred directly in connection with the issue of bank funding.

Issue costs are written off to the profit and loss account over the life of the related bank borrowing and included within interest payable and similar charges.

WALLACE PROPERTY INVESTMENTS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 30 SEPTEMBER 2012

2. Fixed assets

	Tangible Assets £
Cost or valuation	
At 1 October 2011 and 30 September 2012	9,775,000
Net book value	
At 30 September 2012	9,775,000
At 30 September 2011	9,775,000

The investment properties were revalued, on an open market basis, in the prior period by the company's director resulting in an impairment of £1,550,000. The director of the company is of the opinion that the value of the investment properties at the current year end is not significantly different to its current carrying value.

On a historical cost basis the investment properties would be stated at £17,647,606 (2011: £17,647,606).

3. Cash at bank

Included within cash at bank are funds of £177,148 (2011: £1,117,004) which the company can only use to service its bank debt. This money is in relation to the residual balance of lease termination fees received in a prior year.

4. Secured loans

Included within creditors falling due within one year is a bank loan, net of related issue costs, and bank overdraft totalling £289,890 (2011: £12,480,744). Included within creditors falling due after more than one year is a bank loan, net of related issue costs, totalling £11,153,375 (2011: £nil).

Included within creditors falling due within one year are amounts owed to a shareholder, The Royal Bank of Scotland plc, of £nil (2011: £1,460,938).

The bank term loan is secured by a standard security over all of the company's investment properties, a bond and floating charge over the assets of the company and an assignation of rental income over certain of the company's investment properties. The loan bear interest at a margin over LIBOR.

The shareholder loan of £1,460,938, which has been waived in the current year, and the loan owed to the related undertaking of £1,460,938, which was waived in a prior period, were both granted as part of a joint financing arrangement. The loan owed to the related undertaking was unsecured and interest free. The shareholder loan was secured by a standard security over all of the company's investment properties and a bond and floating charge over the assets of the company. Both loans ranked pari passu in terms of repayment.

Loan issue costs are released to the profit and loss account over the term of the loans.

WALLACE PROPERTY INVESTMENTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2012

5. Share capital

Allotted, called up and fully paid:

	2012		2011	
	No	£	No	£
Nil Ordinary 'A' shares (2011: 500) of £1 each	-	-	500	500
Nil Ordinary 'B' shares (2011: 500) of £1 each	-	-	500	500
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>-</u>
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

The holders of the Ordinary 'A' and 'B' shares had equal rights with regards to voting and income.

On 14 March 2012, the 500 issued 'A' Ordinary shares of £1 each and the 500 issued 'B' Ordinary shares of £1 each were re-classified as 1,000 Ordinary shares of £1 each.

6. Ultimate parent undertaking and controlling party

The company's parent undertaking is WPI 2012 Limited, a company registered in Scotland.

W D Hill is the ultimate controlling party of Wallace Property Investments Limited given his shareholding in the company's parent undertaking.