

Wallace Estates Limited

REPORT AND FINANCIAL STATEMENTS

For the year ended

31 December 2021



Company Registration No. 04216645

Wallace Estates Limited

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

M Platt
N Chambers
P Langford

SECRETARIES

N Chambers
A E Williams

REGISTERED OFFICE

Botanic House
Hills Road
Cambridge
CB2 1PH

AUDITOR

RSM UK Audit LLP
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

SOLICITORS

Mills and Reeve LLP
Botanic House
Hills Road
Cambridge
CB2 1PH

Wallace Estates Limited

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Wallace Estates Limited

DIRECTORS' REPORT

For the year ended 31 December 2021

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activities of the company during the year under review were that of property investment.

GOING CONCERN

The directors have considered whether the going concern basis of accounting is appropriate with reference to profit, cash flow forecasts and also considering the worldwide pandemic of Covid-19 that struck in early 2020. The directors have concluded that the company has access to adequate resources which will enable it to continue in operational existence for the foreseeable future. These resources are detailed in the financial statements of the ultimate parent company, Albanwise Wallace Estates Limited, and the directors of that entity have confirmed ongoing support for the company in writing. For these reasons they continue to adopt the going concern basis of accounting in preparing the financial statements.

RESULTS AND DIVIDENDS

The results for the year are set out in the income statement on page 6. No dividends were paid during the year (2020: £nil).

DIRECTORS

The directors who served the company since 1 January 2021 and up to the date of approval of these financial statements were as follows:

M Platt
N Chambers
P Langford

AUDITOR

The auditor RSM UK Audit LLP, Chartered Accountants, has indicated its willingness to continue.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

SMALL COMPANY PROVISIONS

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

By order of the board



N Chambers
Secretary
12 April 2022

Wallace Estates Limited

STATEMENT OF 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WALLACE ESTATES LIMITED

Opinion

We have audited the financial statements of Wallace Estates Ltd (the 'company') for the year ended 31 December 2021 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including 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".

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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.

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 contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WALLACE ESTATES LIMITED

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.

Responsibilities of directors

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, 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.

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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WALLACE ESTATES LIMITED

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the company operates in and how the company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

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 law 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, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

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.

Stacy Eden

STACY EDEN (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date: 19/04/22

Wallace Estates Limited

INCOME STATEMENT

At 31 December 2021

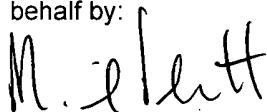
	Notes	For the year ended 31 December 2021 £000	For the year ended 31 December 2020 £000
TURNOVER	4	6,754	7,025
Cost of sales		(201)	(540)
GROSS PROFIT		6,553	6,485
Administrative expenses		(698)	(634)
Profit on disposal of investment properties		410	451
Fair value profits on investment properties	9	21,238	9,753
OPERATING PROFIT		27,503	16,055
Interest receivable and similar income	5	119	80
Interest payable and similar charges	6	(8,021)	(5,920)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7	19,601	10,215
Taxation on profit on ordinary activities	8	(9,734)	(3,346)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND PROFIT FOR THE FINANCIAL YEAR		9,867	6,869

Wallace Estates Limited
STATEMENT OF FINANCIAL POSITION
At 31 December 2021

Company number: 04216645

	Notes	As at 31 December 2021 £000	As at 31 December 2020 £000
FIXED ASSETS			
Investments	10	5,497	5,497
Investment properties	9	240,000	220,000
		<u>245,497</u>	<u>225,497</u>
CURRENT ASSETS			
Debtors	11	5,193	4,321
Investments	12	6,213	6,619
Cash at bank and in hand	13	9,163	7,157
		<u>20,569</u>	<u>18,097</u>
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	14	(11,730)	(10,912)
NET CURRENT ASSETS		<u>8,839</u>	<u>7,185</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>254,336</u>	<u>232,682</u>
Creditors: Amounts falling due after more than one year	15	(144,774)	(143,673)
		<u>109,562</u>	<u>89,009</u>
PROVISION FOR LIABILITIES	16	(27,537)	(16,851)
NET ASSETS		<u>82,025</u>	<u>72,158</u>
CAPITAL AND RESERVES			
Called up share capital	17	-	-
Capital reserve		40,995	40,995
Other reserve		71,126	60,977
Retained earnings		(30,096)	(29,814)
TOTAL EQUITY		<u>82,025</u>	<u>72,158</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime. The financial statements on pages 6 to 16 were approved by the board of directors and authorised for issue on 12 April 2022 and are signed on its behalf by:



M Platt
Director

Wallace Estates Limited

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Called-up share capital £000	Capital reserve £000	Other reserve £000	Retained earnings £000	Total £000
Balance as at 1 January 2020	-	40,995	54,943	(30,649)	65,289
Profit and total comprehensive income for the year	-	-	-	6,869	6,869
Transfer to profit or loss	-	-	6,384	(6,384)	-
Transfer to profit or loss	-	-	(350)	350	-
Balance as at 31 December 2020	-	40,995	60,977	(29,814)	72,158
Balance as at 1 January 2021	-	40,995	60,977	(29,814)	72,158
Profit and total comprehensive income for the year	-	-	-	9,867	9,867
Transfer from profit or loss	-	-	10,764	(10,764)	-
Transfer to profit or loss	-	-	(615)	615	-
Balance as at 31 December 2021	-	40,995	71,126	(30,096)	82,025

Wallace Estates Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1 GENERAL INFORMATION

The company invests in residential freehold titles in the UK. The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Botanic House, Hills Road, Cambridge, CB2 1PH.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies' regime and under the historical cost convention. The disclosure requirements of Section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING CONVENTION

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

Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

GOING CONCERN

The directors have considered whether the going concern basis of accounting is appropriate with reference to profit, cash flow forecasts and also considering the worldwide pandemic of Covid-19 that struck in early 2020. The directors have concluded that the company has access to adequate resources which will enable it to continue in operational existence for the foreseeable future. These resources are detailed in the financial statements of the ultimate parent company, Albanwise Wallace Estates Limited, and the directors of that entity have confirmed ongoing support for the company in writing. For these reason they continue to adopt the going concern basis of accounting in preparing the financial statements.

REVENUE RECOGNITION

Turnover is derived from rents and lease extensions during the year. Rental income is recognised when it falls due. Income from lease extensions is recognised upon the grant of the extension.

INTEREST PAYABLE

Interest payable on debt is recognised in profit or loss over the term of the borrowings at a constant rate on the carrying amount.

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when the tax paid exceeds the tax payable.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset if, and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Wallace Estates Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other years. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting year.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the reporting date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is measured on a non-discounted basis.

INVESTMENT PROPERTIES

Investment properties are stated at £240,000,000 (2020: £220,000,000). In accordance with FRS 102 investment properties are measured initially at cost and are revalued annually by the directors to fair value. Changes in fair value are recognised in profit or loss.

The Companies Act requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS 102. The directors consider that, because these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However the amount of depreciation cannot reasonably be quantified, because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

The directors have also considered the effects of recent proposals made concerning leaseholder reform. The Government has stated that the concept of marriage value, which forms part of the statutory calculation of an enfranchisement premium, may be abolished in the future.

There is no fixed date for legislation to be brought forward to parliament, and the detail of how freeholders would be compensated for any loss of in value has not been published.

Accordingly the directors are unable to assess the impact of this proposal on the valuation of the company's investments.

FIXED ASSET INVESTMENTS

Fixed asset investments represent investments in subsidiary undertakings which are stated at cost less any provisions for impairment in the value of the fixed asset investment.

ASSET IMPAIRMENTS

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist an estimate is made of the recoverable amount of the asset.

Wallace Estates Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

Shortfalls between the carrying value of the fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairment losses are recognised in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss. On reversal of an impairment loss the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

CURRENT ASSET INVESTMENTS

The company has entered into fixed term agreements with its bankers in order to help manage its cash flow risk and meet its liabilities under the terms of the loan notes. Amounts receivable are recognised over the year of the agreement in accordance with the terms of the agreement. The carrying value of the investments is measured according to the underlying terms of the agreement.

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 all of its financial instruments. Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Basic financial assets, which include other debtors and amounts due from group undertakings which are repayable on demand are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost, being the transaction price less any amounts settled and any impairment losses.

The company has also entered into fixed term agreements with its bankers in order to help manage its cash flow risk and meet its liabilities under the terms of the loan notes some of which have a return linked to RPI. These financial assets are accounted for as basic financial instruments and initially recognised at transaction price and subsequently measured at amortised cost.

Financial assets are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. Impairment losses are recognised in profit or loss.

Financial assets are only derecognised when the contractual rights to the cash flows from the asset expire or are settled or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities and equity instruments are classified 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 issued by the company are recorded at the proceeds received net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Basic financial liabilities, which include amounts due to group undertakings which are repayable on demand are initially measured at transaction price and are subsequently carried at amortised cost, being the transaction price less any amounts paid.

All loans including series B1 and series B2 and series A RPI-linked loan notes (see notes 14 and 15) are also accounted for as basic financial instruments and initially recognised at

Wallace Estates Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

transaction price and subsequently measured at amortised cost.

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled or they expire.

4 TURNOVER

Turnover is derived as follows:

	2021 £'000	2020 £'000
Ground rent receivable	6,353	6,284
Proceeds from granting of lease extensions	300	686
Other income	101	55
	<u>6,754</u>	<u>7,025</u>

All turnover is derived in the UK.

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £'000	2020 £'000
Bank interest receivable	41	24
Other interest receivable	79	56
	<u>120</u>	<u>80</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2021 £'000	2020 £'000
Interest payable on loan notes	8,021	5,920
	<u>8,021</u>	<u>5,920</u>

7 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's operating profit was derived from its principal activities. The audit fee for the group of companies to which the company belongs is borne by a group undertaking and is not separately identifiable. The company has no employees (2020: nil) and the directors received no emoluments during the year (2020: £nil).

Wallace Estates Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

8 TAXATION	2021 £'000	2020 £'000
<i>Tax included in income statement</i>		
UK corporation tax has been charged at 19% (2020: 19%). The tax charge is analysed as follows:		
UK corporation tax on profits of the year	-	-
Total current tax	-	-
Movement in deferred tax asset (note 11)	(952)	(24)
Movement in deferred tax liability (note 16)	10,686	3,370
Total tax included in profit or loss	<u>9,734</u>	<u>3,346</u>

At 31 December 2021 the company had approximately £9,963,000 (2020: £8,095,300) of cumulative tax losses available to carry forward against future trading profits. These losses are expected to be utilised against future profits. A deferred tax asset of £2,491,000 (2020: £1,538,000) has been recognised by the company in respect of these losses (see note 11).

9 INVESTMENT PROPERTIES

	Investment properties £'000
Fair value at 1 January 2021	220,000
Additions	406
Disposals	(1,644)
Fair value gains	21,238
Fair value at 31 December 2021	<u>240,000</u>

Investment properties are stated at market value and are valued annually by the directors.

The historical cost of the investment properties held by the company was £141,550,000 (2020: £142,321,000). All investment properties are freehold.

Wallace Estates Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

10 FIXED ASSET INVESTMENTS

	£'000
Investments in subsidiary undertakings	
At 1 January 2021 and 31 December 2021	5,497

The company holds investments in the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Miltenglade Limited	England & Wales	Ordinary	100
CB 2006 Limited	England & Wales	Ordinary	100
Sprenrent Limited	England & Wales	Ordinary	100
Freehold Portfolios GR Limited	England & Wales	Ordinary	100
Freehold Portfolios GR (No.1) Limited	British Virgin Islands	Ordinary	100

The registered address of all of the above subsidiary undertakings is Botanic House, Hills Road, Cambridge CB2 1PH.

11 DEBTORS

	2021 £'000	2020 £'000
Amounts owed by group undertakings	1,419	1,482
Deferred tax	2,491	1,539
Other debtors	389	389
Trade debtors	894	903
Prepayments	-	8
	<u>5,193</u>	<u>4,321</u>

A deferred tax asset has been recognised in the statement of financial position to reflect unutilised tax losses being carried forward to future years.

12 CURRENT ASSET INVESTMENTS

	2021 £'000	2020 £'000
Fixed term agreements	6,213	6,619

The company has entered into two fixed term agreements with its bankers to help manage its cash flow risk under its loan note obligations disclosed in note 14. The first agreement results in regular predefined amounts being paid to the company over the term of the agreement to 2028. The directors estimate that under this agreement £522,000 (2020: £524,000) will be received within one year. The second agreement is a deposit of £4,034,000 linked to the Retail Price Index which matures in 2022 (2020: £4,034,000).

Wallace Estates Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

13 CASH AT BANK AND IN HAND

All cash and current asset investments held by the company are restricted under the terms of the loan notes. This cash is held as security on behalf of the noteholders and can only be used to service interest and capital obligations.

14 CREDITORS: Amounts falling due within one year

	2021 £'000	2020 £'000
Loan notes	1,055	966
Amounts owed to group undertakings	6,603	6,160
Accruals & deferred income	4,072	3,786
	<u>11,730</u>	<u>10,912</u>

15 CREDITORS: Amounts falling due after one year

	2021 £'000	2020 £'000
Loan notes	<u>144,774</u>	<u>143,673</u>
	2021 £'000	2020 £'000
Analysis of borrowings:		
Series A RPI linked notes wholly repayable within five years	5,517	5,068
Series A RPI linked notes not wholly repayable within five years	42,777	42,083
Series B1 fixed rate notes not wholly repayable within five years	47,500	47,500
Series B2 fixed rate notes not wholly repayable within five years	51,957	51,957
Issue costs	(1,921)	(1,969)
	<u>145,830</u>	<u>144,639</u>

On 15 February 2012 the company issued £45,631,000 Series A RPI-linked Notes due 2063 at an interest rate of 1.55%, £47,500,000 Series B1 fixed rate Notes due 2054 at a rate of 4.94% and £51,957,000 Series B2 fixed rate Notes due 2063 at a rate of 4.94%. These Notes are not repayable by instalments. Directly attributable costs of issuing the Notes referred to above have been set off against the outstanding balance and written off over the life of the Notes.

Wallace Estates Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

16 PROVISION FOR LIABILITIES

	Deferred tax provision £'000
At 1 January 2021	16,851
Credited to profit or loss	10,686
At 31 December 2021	<u>27,537</u>

Provision is made for the tax which would be payable in the event that the investment properties were sold. Tax is measured using the tax rates and allowances that apply to the sale of the asset.

17 SHARE CAPITAL AND RESERVES

	2021 £	2020 £
Allotted, called up and fully paid 400 ordinary shares of £1 each	400	400

The company paid no dividends during the year (2020: £nil per share).

Fair value gains on the revaluation of investment properties are not distributable and therefore an amount equal to such gains is transferred from retained earnings to a separate reserve (net of the related deferred tax provision). Gains realised through disposals of investment properties are transferred back from this reserve to retained earnings.

18 CONTROL

The company is under the control of Perseverance Limited, which is registered in Gibraltar.

The immediate parent undertaking of the company is Wallace Partnership Group Limited, which is registered at Botanic House, Hills Road, Cambridge CB2 1PH. Consolidated accounts have been prepared for Albanwise Wallace Estates Limited, which is registered at Botanic House, Hills Road, Cambridge CB2 1PH and heads the largest group of undertakings for which accounts have been drawn up. These are available from the registered office. The ultimate parent undertaking of the company is Perseverance Limited, which is registered in Gibraltar.

19 CONTINGENT LIABILITIES

The company has entered into a cross guarantee with certain fellow group undertakings in respect of loan notes issued by the company. The assets of the company are pledged as security, by way of a fixed and floating charge. The total group liability as at 31 December 2021 was £147,751,000 (2020: £146,608,000).