

Registered number: 2615524

## MARDAN (NORWICH) LIMITED

Directors' report and financial statements

for the year ended 30 June 2013



**MARDAN (NORWICH) LIMITED**

**Company Information**

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<b>Directors</b>	D Tannen M I Tannen D A Tannen J M Miller (appointed 19 March 2013)
<b>Company secretary</b>	J M Miller
<b>Company number</b>	2615524
<b>Registered office</b>	Sutherland House 70-78 West Hendon Broadway London NW9 7BT
<b>Auditor</b>	BDO LLP 55 Baker Street London W1E 7EU

**MARDAN (NORWICH) LIMITED**

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## **MARDAN (NORWICH) LIMITED**

### **Directors' report for the year ended 30 June 2013**

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The directors present their report and the financial statements for the year ended 30 June 2013

#### **Results and dividends**

The loss for the year, after taxation, amounted to £4,451,989 (2012 - profit £367,682)

The directors do not recommend the payment of a dividend (2012 - £Nil)

#### **Principal activities**

The principal activity of the company is that of property investment

There have been no events since the balance sheet date which materially affect the position of the company

#### **Directors**

The directors who served during the year were

D Tannen  
M I Tannen  
D A Tannen  
J M Miller (appointed 19 March 2013)

#### **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 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 judgments and 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.

**MARDAN (NORWICH) LIMITED**

**Directors' report  
for the year ended 30 June 2013**

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**Provision of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

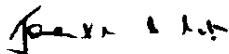
- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

**Auditor**

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

In preparing the directors' report advantage has been taken of the small companies exemption under the Companies Act 2006

This report was approved by the board on 30 April 2014 and signed on its behalf



**J M Miller**  
Secretary

## **MARDAN (NORWICH) LIMITED**

### **Independent auditor's report to the members of Mardan (Norwich) Limited**

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We have audited the financial statements of Mardan (Norwich) Limited for the year ended 30 June 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).

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.

#### **Respective responsibilities of directors and auditors**

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. 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Basis for qualified opinion on financial statements**

As explained in note 15, investment properties have been included in the financial statements at cost less any provision for impairment rather than open market value as required by Statement of Standard Accounting Practice No. 19 'Accounting for investment properties'. The effect of this non-compliance with accounting standards is to understate reserves and tangible fixed assets by approximately £4 million at 30 June 2013. We are unable to quantify the effect, if any, at 30 June 2012.

#### **Qualified opinion on financial statements**

In our opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2013 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.

## MARDAN (NORWICH) LIMITED

### Independent auditor's report to the members of Mardan (Norwich) Limited

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#### Emphasis of matter – Going concern

In forming our opinion on the financial statements we have considered the adequacy of the disclosures made in note 12 to the financial statements concerning the company's ability to continue as a going concern

The directors are required to make an assessment of the company's ability to continue as a going concern. The directors are in discussions with the company's principal lender who has provided loan facilities totalling £32.6 million as at 30 June 2013. Certain of these loan facilities have expired or are due to expire within the next 12 months. In addition the company has breached certain of its financial covenants in relation to these loans.

The directors are in discussion with the lender regarding the re-financing of these loan facilities and believe that the lender will support new loans to the company without a significant reduction in the facility amounts and with appropriate covenants and security. However as at the date of approval of these financial statements, new loan terms have not yet been formally agreed. Based on this, the directors have concluded that it is appropriate to prepare the company's financial statements on a going concern basis. The matter above indicates the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

#### Opinion on other matters 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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.

  
Richard Levy (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor

London  
United Kingdom

Date 30 April 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

**MARDAN (NORWICH) LIMITED**

**Profit and loss account  
for the year ended 30 June 2013**

	Note	2013 £	2012 £
<b>Rental income</b>	1,2	3,613,592	3,813,496
Property expenses		(372,714)	(578,933)
<b>Net rental income</b>		3,240,878	3,234,563
Administrative expenses		(712,084)	(648,852)
Provision against carrying value of investment property		(4,775,679)	-
<b>Total administrative expenses</b>		(5,487,763)	(648,852)
<b>Operating (loss)/profit</b>	3	(2,246,885)	2,585,711
Interest payable and similar charges	4	(2,205,104)	(2,218,029)
<b>(Loss)/profit on ordinary activities before taxation</b>		(4,451,989)	367,682
Tax on (loss)/profit on ordinary activities	5	-	-
<b>(Loss)/profit for the financial year</b>	11	(4,451,989)	367,682

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account

The notes on pages 7 to 12 form part of these financial statements



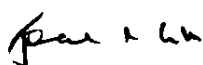
**MARDAN (NORWICH) LIMITED**  
Registered number 2615524

**Balance sheet**  
**as at 30 June 2013**

	Note	£	2013 £	£	2012 £
<b>Fixed assets</b>					
Investment property	6		29,368,995		34,144,674
<b>Current assets</b>					
Debtors	7	107,004		67,936	
Cash at bank		176,522		703,273	
		<u>283,526</u>		<u>771,209</u>	
<b>Creditors</b> amounts falling due within one year	8	(33,371,960)		(4,505,127)	
<b>Net current liabilities</b>			<u>(33,088,434)</u>		<u>(3,733,918)</u>
<b>Total assets less current liabilities</b>			<u>(3,719,439)</u>		<u>30,410,756</u>
<b>Creditors</b> amounts falling due after more than one year	9		-		(29,678,206)
<b>Net (liabilities)/assets</b>			<u><u>(3,719,439)</u></u>		<u><u>732,550</u></u>
<b>Capital and reserves</b>					
Called up share capital	10		2		2
Profit and loss account	11		<u>(3,719,441)</u>		<u>732,548</u>
<b>Shareholders' (deficit)/funds</b>	12		<u><u>(3,719,439)</u></u>		<u><u>732,550</u></u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



**J M Miller**  
Director

Date 30/4/14

The notes on pages 7 to 12 form part of these financial statements

## **MARDAN (NORWICH) LIMITED**

### **Notes to the financial statements for the year ended 30 June 2013**

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#### **1. Accounting policies**

##### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, and with the exception of investment properties (see below) are in accordance with applicable accounting standards

##### **1.2 Going concern**

The directors are required to make an assessment of the company's ability to continue as a going concern. The directors are in discussions with the company's principal lender who has provided loan facilities totalling £32.6 million as at 30 June 2013. Certain of these loan facilities have expired or are due to expire within the next 12 months. In addition the company has breached certain of its financial covenants in relation to these loans.

The directors are in discussion with the lender regarding the re-financing of these loan facilities and believe that the lender will support new loans to the company without a significant reduction in the facility amounts and with appropriate covenants and security. However as at the date of approval of these financial statements, new loan terms have not yet been formally agreed. Based on this, the directors have concluded that it is appropriate to prepare the company's financial statements on a going concern basis. The matter above indicates the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

The directors have reviewed the cash flow forecasts of the group for a period of 12 months from the date of approval of the financial statements. These cash flows show that there are sufficient funds for the group to meet its obligations as they fall due, other than the repayment of the loan facilities referred to above. On this basis and in light of the circumstances relating to the bank loan expiring set forth above, the directors consider it is appropriate to prepare the financial statements on the going concern basis.

##### **1.3 Cash flow**

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

##### **1.4 Turnover**

Turnover represents gross rental income received from the letting of property. Rent reviews are only recognised as income once the review has been settled, agreed and concluded.

## MARDAN (NORWICH) LIMITED

### Notes to the financial statements for the year ended 30 June 2013

#### 1 Accounting policies (continued)

##### 1.5 Investment properties

Investment properties are stated in the balance sheet at cost less any provision for impairment. This treatment is not in accordance with Statement of Standard Accounting Practice No. 19 which requires such properties to be stated at their open market value. The directors consider the cost of obtaining a valuation would outweigh the benefit to the users of the financial statements.

No provision has been made for depreciation on these properties. The directors consider that this accounting policy results in the financial statements giving a true and fair view. The effect of this departure from the Companies Act 2006 has not been quantified because it is impractical and, in the opinion of the directors, would be misleading.

##### 1.6 Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief, and
- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

#### 2. Turnover

The whole of the turnover is attributable to rental income.

All turnover arose within the United Kingdom.

#### 3 Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2013 £	2012 £
Provision against carrying value of investment property	<u>4,775,679</u>	<u>-</u>

During the year, no director received any emoluments (2012 - £NIL).

The directors' emoluments are paid by another group company and disclosed in the financial statements of that company. Auditor's remuneration is also paid by another group company and disclosed in its financial statements.

**MARDAN (NORWICH) LIMITED**

**Notes to the financial statements  
for the year ended 30 June 2013**

**4 Interest payable**

	2013 £	2012 £
On bank loans and overdrafts	<u>2,205,104</u>	<u>2,218,029</u>

**5 Taxation**

	2013 £	2012 £
UK corporation tax charge on (loss)/profit for the year	<u>-</u>	<u>-</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2012 - lower than) the average rate of corporation tax in the UK of 23.75% (2012 - 25.5%). The differences are explained below

	2013 £	2012 £
(Loss)/profit on ordinary activities before tax	<u>(4,451,989)</u>	<u>367,682</u>
(Loss)/profit on ordinary activities multiplied by average rate of corporation tax in the UK of 23.75% (2012 - 25.5%)	<u>(1,057,347)</u>	<u>93,759</u>

**Effects of**

Capital allowances for year in excess of depreciation	(767)	(1,109)
Timing differences	(1,278)	(1,372)
Group relief	(74,832)	153,556
Provision against carrying value of investment property	1,134,224	-
Utilisation of brought forward losses	-	(244,834)

**Current tax charge for the year (see note above)**

<u>-</u>	<u>-</u>
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At 30 June 2013, the company had an unprovided deferred tax asset of £9,871 (2012 - £13,349) relating to accelerated capital allowances, temporary timing differences and losses carried forward

**6 Investment property**

	Freehold investment property £	Long term leasehold investment property £	Total £
<b>Cost</b>			
At 1 July 2012	33,665,674	479,000	34,144,674
Impairment charge	(4,775,679)	-	(4,775,679)
At 30 June 2013	<u>28,889,995</u>	<u>479,000</u>	<u>29,368,995</u>

**MARDAN (NORWICH) LIMITED**

**Notes to the financial statements  
for the year ended 30 June 2013**

**7. Debtors**

	2013 £	2012 £
Trade debtors	42,204	67,936
Amounts owed by group undertakings	39,080	-
Prepayments and accrued income	25,720	-
	<u>107,004</u>	<u>67,936</u>

**8 Creditors**

**Amounts falling due within one year**

	2013 £	2012 £
Bank loans and overdrafts	32,599,961	3,116,000
Amounts owed to group undertakings	-	642,687
Other taxation and social security	11,225	50,455
Other creditors	302,709	302,702
Accruals and deferred income	458,065	393,283
	<u>33,371,960</u>	<u>4,505,127</u>

**9 Creditors**

**Amounts falling due after more than one year**

	2013 £	2012 £
Bank loans	-	29,678,206

Included within the above are amounts falling due as follows

	2013 £	2012 £
<b>Between one and two years</b>		
Bank loans	-	94,665
<b>Between two and five years</b>		
Bank loans	-	12,975,958
<b>Over five years</b>		
Bank loans	-	16,607,584

# MARDAN (NORWICH) LIMITED

## Notes to the financial statements for the year ended 30 June 2013

### 9 Creditors:

#### Amounts falling due after more than one year (continued)

Creditors include amounts not wholly repayable within 5 years as follows

Repayable by instalments	-	16,607,584
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Interest on the loans is fixed at rates between 6.24% to 8.52% per annum. The bank loans are secured by way of fixed charges over the investment properties of the company and a floating charge over all the other assets of the company.

### 10. Share capital

	2013 £	2012 £
<b>Allotted, called up and fully paid</b>		
2 Ordinary shares of £1 each	2	2

### 11 Reserves

	Profit and loss account £
At 1 July 2012	732,548
Loss for the financial year	(4,451,989)
At 30 June 2013	(3,719,441)

### 12 Reconciliation of movement in shareholders' funds

	2013 £	2012 £
Opening shareholders' funds	732,550	364,868
(Loss)/profit for the financial year	(4,451,989)	367,682
Closing shareholders' (deficit)/funds	(3,719,439)	732,550

### 13 Ultimate parent undertaking and controlling party

The company's ultimate parent company is The Tannen Group Limited which is registered in England and Wales and controlled by the Tannen family. Group accounts can be obtained from the Registrar of Companies.

**MARDAN (NORWICH) LIMITED**

**Notes to the financial statements  
for the year ended 30 June 2013**

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**14 Related party transactions**

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, "Related Party Transactions", not to disclose any transactions with entities in which 100% of the voting rights are controlled within The Tannen Group Limited group