

COMPANY REGISTRATION NUMBER 02670273

**BERKLEY ESTATES LONDON LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013**

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BERKLEY ESTATES LONDON LIMITED

Financial statements

Year ended 31 May 2013

Contents	Page
Officers and professional advisers	1
Directors' report	2
Independent auditor's report	4
Profit and loss account	6
Balance sheet	7
Notes forming part of the financial statements	8

BERKLEY ESTATES LONDON LIMITED

Officers and professional advisers

The board of directors

S Zakay
E Zakay
C E Bush
R W Jones
C F Moharm
T R Betts

Company secretary

C F Moharm

Registered office

55 Baker Street,
London,
W1U 7EU

Auditor

BDO LLP
Chartered Accountants
& Statutory Auditor
55 Baker Street
London
W1U 7EU

Bankers

Barclays Bank Plc
Pall Mall Corporate Group
50 Pall Mall
London
SW1A 1QA

BERKLEY ESTATES LONDON LIMITED

Directors' report

Year ended 31 May 2013

The directors present their report and the financial statements of the company for the year ended 31 May 2013

Principal activities and business review

The company's principal activity is that of property management

Both the level of investment and year end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future

Directors

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

E Zakay
C E Bush
R W Jones
C F Moharm
T R Betts

S Zakay was appointed as a director on 1 October 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 year.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- 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.

Auditor

The company has dispensed with the obligation to appoint auditors annually. BDO LLP have expressed their willingness to continue in office.

BERKLEY ESTATES LONDON LIMITED

Directors' report *(continued)*

Year ended 31 May 2013

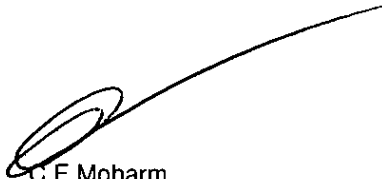
Each of the persons who is a director at the date of approval of this report confirm that

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

Small company provisions

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

Signed by order of the directors



C F Moharm
Company Secretary

Approved by the directors on 25 February 2014

BERKLEY ESTATES LONDON LIMITED

Independent auditor's report

Year ended 31 May 2013

We have audited the financial statements of Berkley Estates London Limited for the year ended 31 May 2013 which comprise the profit and loss account, 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 auditor

As explained more fully in the statement of directors' responsibilities, 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.

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 31 May 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

BERKLEY ESTATES LONDON LIMITED

Independent auditor's report *(continued)*

Year ended 31 May 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 the directors' report in accordance with the small companies' regime

BDO LLP

Geraint Jones (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
25 February 2014

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

BERKLEY ESTATES LONDON LIMITED

Profit and loss account

Year ended 31 May 2013

		2013	2012
	Note	£	£
Turnover	2	5,885,327	4,771,801
Property expenses		(46,332)	7,284
Administrative expenses		(3,650,698)	(3,239,165)
Provision against investment		6,229,252	1,150,442
Operating profit	3	8,417,549	2,690,362
Profit on disposal of fixed assets	5	—	137,340
		8,417,549	2,827,702
Interest receivable and similar income		37,466,200	11,461,642
Interest payable and similar charges	7	(37,304,809)	(11,200,001)
Profit on ordinary activities before taxation		8,578,940	3,089,343
Tax on profit on ordinary activities	8	—	—
Profit for the financial year		8,578,940	3,089,343

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 8 to 13 form part of these financial statements

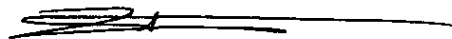
BERKLEY ESTATES LONDON LIMITED

Balance sheet

As at 31 May 2013

	Note	2013 £	2012 £
Fixed assets			
Tangible assets	9	74,352	50,324
Current assets			
Debtors due within one year	10	254,815,752	231,753,706
Debtors due after one year	10	79,800,000	52,500,000
Cash at bank and in hand		82,797,949	72,839,320
		417,413,701	357,093,026
Creditors: Amounts falling due within one year	11	(383,964,429)	(332,198,666)
Net current assets		<u>33,449,272</u>	<u>24,894,360</u>
Total assets less current liabilities		<u>33,523,624</u>	<u>24,944,684</u>
Capital and reserves			
Called-up equity share capital	14	1,000	1,000
Profit and loss account	15	33,522,624	24,943,684
Shareholders' funds	16	<u>33,523,624</u>	<u>24,944,684</u>

These accounts were approved by the members and authorised for issue on 25 February 2014, and are signed on their behalf by


E Zakay


R W Jones

Company Registration Number 02670273

The notes on pages 8 to 13 form part of these financial statements.

BERKLEY ESTATES LONDON LIMITED

Notes forming part of the financial statements

Year ended 31 May 2013

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, subject to the departures referred to below

The following principal accounting policies have been applied

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Topland Group Plc and the company is included in consolidated financial statements

Turnover

Turnover, which excludes value added tax, represents management fees and commissions receivable

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Fixtures & Fittings	- 25% per annum
Motor Vehicles	- 25% per annum

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives to enter into operating lease agreements are initially recorded as deferred income and released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

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 the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are discounted.

BERKLEY ESTATES LONDON LIMITED

Notes forming part of the financial statements

Year ended 31 May 2013

1 Accounting policies *(continued)*

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Related party disclosure

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8, 'Related party disclosures', not to disclose transactions with members or investees of the group headed by Topland Group Plc on the grounds that 100% of the voting rights in the company are controlled within the group and the company is included in consolidated financial statements.

Employee benefit trust

Payments to the Employee Benefit Trust are charged to the profit and loss account in the year for which the benefits accrue to the individual directors and employees.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an Annual General Meeting.

2. Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Operating profit

Operating profit is stated after charging/(crediting)

	2013	2012
	£	£
Depreciation of owned fixed assets	24,936	16,870
Operating lease costs		
- Land and buildings	333,500	333,500
Provision against investment	(6,229,252)	(1,150,442)
Net (profit)/loss on foreign currency translation	(43,398)	99,066
Auditor's remuneration		
- audit	12,061	12,326
- tax compliance services	64,859	32,772

BERKLEY ESTATES LONDON LIMITED

Notes forming part of the financial statements

Year ended 31 May 2013

4 Employees

The aggregate payroll costs of the above were

	2013	2012
	£	£
Wages and salaries	1,832,773	1,373,856
Social security costs	461,720	347,510
	<u>2,294,493</u>	<u>1,721,366</u>

The average number of employees during the year was 23 (2012 19)

5. Profit on disposal of fixed assets

	2013	2012
	£	£
Profit on disposal of fixed assets	<u>-</u>	<u>137,340</u>

6 Directors

No director received any emoluments during the year (2012 £nil)

7 Interest payable and similar charges

	2013	2012
	£	£
Interest on loans from group undertakings	37,303,943	11,200,000
Other similar charges	866	1
	<u>37,304,809</u>	<u>11,200,001</u>

8. Taxation on ordinary activities

No taxation charge arises on the profit for the year

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 23.83% (2012 - 25.67%)

	2013	2012
	£	£
Profit on ordinary activities before taxation	<u>8,578,940</u>	<u>3,089,343</u>
Profit on ordinary activities by rate of tax	2,044,608	792,931
Expenses not deductible for tax purposes	(1,445,540)	(271,288)
Capital allowances for period in excess of depreciation	877	(19,732)
Unrelieved tax losses	-	745,126
Group relief	2,960,325	-
Transfer pricing adjustments	(3,560,270)	(1,211,786)
Profit on disposal of fixed assets	-	(35,251)
Total current tax	<u>-</u>	<u>-</u>

BERKLEY ESTATES LONDON LIMITED

Notes forming part of the financial statements

Year ended 31 May 2013

9. Tangible fixed assets

	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost			
At 1 June 2012	525,597	35,532	561,129
Additions	48,964	—	48,964
At 31 May 2013	574,561	35,532	610,093
Depreciation			
At 1 June 2012	510,064	741	510,805
Charge for the year	16,053	8,883	24,936
At 31 May 2013	526,117	9,624	535,741
Net book value			
At 31 May 2013	48,444	25,908	74,352
At 31 May 2012	15,533	34,791	50,324

10 Debtors

	2013 £	2012 £
Trade debtors	193,363	74,030
Amounts due from group undertakings	334,080,166	283,885,262
Other debtors	18,536	4,643
Prepayments and accrued income	323,687	289,771
	334,615,752	284,253,706

The debtors above include the following amounts falling due after more than one year

	2013 £	2012 £
Amounts owed by group undertakings	79,800,000	52,500,000

Amounts owed by group undertakings of £155,700,000 bear interest at 10% per annum and the remainder bear no interest. Amounts owed by group undertakings falling due within one year have no fixed terms of repayment. Of the amounts falling due after one year, £79,800,000 is repayable in full in May 2018.

BERKLEY ESTATES LONDON LIMITED

Notes forming part of the financial statements

Year ended 31 May 2013

11. Creditors' Amounts falling due within one year

	2013	2012
	£	£
Trade creditors	421,796	296,426
Amounts owed to group undertakings	338,231,667	327,082,409
Other taxation and social security	3,995,914	2,903,910
Other creditors	40,315,320	718,314
Accruals and deferred income	999,732	1,197,607
	<u>383,964,429</u>	<u>332,198,666</u>

Amounts owed to group undertakings have no fixed terms of repayment, amounts of £155,700,000 bear interest at 10% per annum and the remainder bear no interest

12. Commitments under operating leases

At 31 May 2013 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2013	2012
	£	£
Operating leases which expire		
Within 2 to 5 years	-	333,500
After more than 5 years	392,354	-
	<u>392,354</u>	<u>333,500</u>

13. Related party transactions

During the year management fees and other costs totalling £3,798,062 (2012 £3,861,213) were charged to fellow group undertakings and interest of £100,000 (2012 £100,000) was charged on loans owed by group undertakings

As at 31 May 2013, the amounts owed to/by fellow group undertakings are included within debtors (note 10) and creditors (note 11)

14 Share capital

Allotted, called up and fully paid:

	2013		2012	
	No	£	No	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

BERKLEY ESTATES LONDON LIMITED

Notes forming part of the financial statements

Year ended 31 May 2013

15. Reserves

	Profit and loss account £
Balance brought forward	24,943,684
Profit for the year	<u>8,578,940</u>
Balance carried forward	<u>33,522,624</u>

16. Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit for the financial year	8,578,940	3,089,343
Opening shareholders' funds	<u>24,944,684</u>	<u>21,855,341</u>
Closing shareholders' funds	<u>33,523,624</u>	<u>24,944,684</u>

17. Ultimate parent company

The largest group in which the results of the company are consolidated is that headed by Topland Group Holdings Limited, a company incorporated in the British Virgin Islands. The smallest group in which they are consolidated is that headed by Topland Group Plc, a company incorporated in England and Wales.

The immediate parent company is Topland Group Plc. The ultimate parent company and controlling party is Topland Group Holdings International Limited, a company incorporated in the British Virgin Islands.