

COMPANY REGISTRATION NUMBER: 02670273

BERKLEY ESTATES LONDON LIMITED

Financial statements

31 May 2016

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BERKLEY ESTATES LONDON LIMITED

Financial statements

Year ended 31 May 2016

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors report	3
Independent auditor's report to the members	5
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Notes to the financial statements	10 - 17

BERKLEY ESTATES LONDON LIMITED

Officers and professional advisers

The board of directors

S Zakay
E Zakay
T R Betts
M Kingston
S Pope
C F Moharm
S L G Wilson

Company secretary

C F Moharm

Registered office

55 Baker Street
London
W1U 7EU

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Bankers

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

BERKLEY ESTATES LONDON LIMITED

Strategic report

Year ended 31 May 2016

The directors present their strategic report together with the audited financial statements for the year ended 31 May 2016.

Principal activities

The company's principal activity is that of the provision of management services.

Review of the business

The company's results for the year and financial position are as shown in the annexed financial statements and referred to in the directors' report.

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.

Key performance indicators

The directors monitor performance using a range of financial and non-financial indicators including like for like turnover, cost management and net asset value. On a quarterly basis the directors review the balance sheet and the profit and loss account using actual and forecast data.

The following are some of the KPIs that are considered most relevant of the company due to its size and activities:

Turnover for the year was £5,288,710 (2015: £7,786,350) with a net loss for the year of £15,080,843 (2015: loss of £1,912,668).

Administrative expenses and provisions rose from £11,524,480 to £21,734,301, reflecting higher staff costs due to increased activity and greater provision against group debts, as a result of transition to reporting under FRS102.

Financial Instruments

The company's financial instruments are basic and further details relating thereto can be found at note 17 to the Financial Statements.

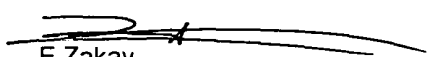
Position of the company at the end of the financial year and future developments

The company has capital and reserves of £8,346,407 (2015: deficit of £24,357,877). The capital and reserves are considered adequate to continue its activities and trade satisfactorily in the forthcoming year.

During the year, the company received a capital contribution from its parent company of £60,000,000 (2015: £nil).

Principal risks and uncertainties

The company monitors cash flow as part of its day to day control procedures. The Board considers cash flow projections on a monthly basis and ensures that appropriate facilities and internal resources are available to be drawn upon as necessary.



E Zakay
Director

BERKLEY ESTATES LONDON LIMITED

Directors report

Year ended 31 May 2016

The directors present their report and the financial statements of the company for the year ended 31 May 2016.

Incorporation

The entity is a private company, limited by shares and incorporated in England and Wales. The principal activity is the provision of management services. The result for the year is shown on page 7.

Directors

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

S Zakay	
E Zakay	
M Kingston	
S Pope	
C F Moharm	
T R Betts	
S L G Wilson	(Appointed 20 January 2016)
R W Jones	(Resigned 9 July 2015)

Dividends

Particulars of recommended dividends are detailed in note 12 to the financial statements.

Change in financial reporting framework

This is the first set of financial statements prepared by Berkley Estates London Limited in accordance with accounting standards issued by the Financial Reporting Council including FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS102'). The company transitioned from previously extant UK GAAP to FRS102 as at 1 June 2014. Refer to the 'Transition to FRS102' note for further details.

Disclosure of information in the strategic report

Information relating to future developments and financial instruments is shown in the Strategic Report.

Directors responsibilities statement

The directors are responsible for preparing the strategic report, 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) including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)". 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 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 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.

BERKLEY ESTATES LONDON LIMITED

Directors report *(continued)*

Year ended 31 May 2016

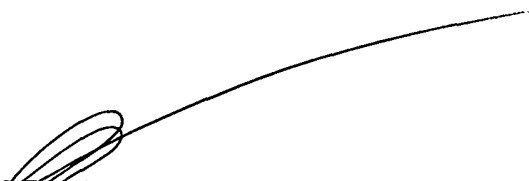
Auditor

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

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have 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.

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

This report was approved by the board of directors on 12 December 2016 and signed on behalf of the board by:



C. E. Moharm
Company secretary

BERKLEY ESTATES LONDON LIMITED

Independent auditor's report to the members of Berkley Estates London Limited

Year ended 31 May 2016

We have audited the financial statements of Berkley Estates London Limited for the year ended 31 May 2016 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity 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 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.

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 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and 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 to the members of Berkley Estates London Limited *(continued)*

Year ended 31 May 2016

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.



Richard Levy (Senior Statutory Auditor)

For and on behalf of
BDO LLP
55 Baker Street
London
W1U 7EU

13 December 2016

BDO LLP is a Limited Liability Partnership registered in England and Wales (with registered no. OC305127).

BERKLEY ESTATES LONDON LIMITED

Statement of comprehensive income

Year ended 31 May 2016

	Note	2016 £	2015 £
Turnover	4	5,288,710	7,786,350
Gross profit		5,288,710	7,786,350
Property expenses		122	(38,812)
Administrative expenses		(6,426,633)	(5,430,575)
Provision for group doubtful debts	14	(15,307,668)	(6,093,905)
Operating loss	5	(16,445,469)	(3,776,942)
Interest receivable and similar income	9	49,706,775	40,544,739
Interest payable and similar charges	10	(48,342,149)	(38,680,465)
Loss on ordinary activities before taxation		(15,080,843)	(1,912,668)
Taxation on ordinary activities	11	—	—
Loss for the financial year and total comprehensive income		(15,080,843)	(1,912,668)

All the activities of the company are from continuing operations.

The notes on pages 10 to 17 form part of these financial statements.

BERKLEY ESTATES LONDON LIMITED

Statement of financial position

31 May 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	13	376,128	591,297
Current assets			
Debtors: due within one year	14	470,234,669	552,552,595
Debtors: due after more than one year	14	15,600,000	15,905,596
Cash at bank and in hand		88,903,622	12,825,217
		<u>574,738,291</u>	<u>581,283,408</u>
Creditors: amounts falling due within one year	15	<u>(564,619,813)</u>	<u>(604,279,674)</u>
Net current assets/(liabilities)		10,118,478	(22,996,266)
Total assets less current liabilities		10,494,606	(22,404,969)
Creditors: amounts falling due after more than one year	16	(2,148,199)	(1,952,908)
Net assets/(liabilities)		<u>8,346,407</u>	<u>(24,357,877)</u>
Capital and reserves			
Called up share capital	18	1,000	1,000
Profit and loss account	19	<u>8,345,407</u>	<u>(24,358,877)</u>
Members funds/(deficit)		<u>8,346,407</u>	<u>(24,357,877)</u>

These financial statements were approved by the board of directors and authorised for issue on 12 December 2016, and are signed on behalf of the board by:


E Zakay
Director

Company registration number: 02670273

The notes on pages 10 to 17 form part of these financial statements.

BERKLEY ESTATES LONDON LIMITED

Statement of changes in equity

Year ended 31 May 2016

	Note	Called up share capital £	Profit and loss account £	Total £
At 1 June 2014		1,000	4,760,809	4,761,809
Loss for the year			(1,912,668)	(1,912,668)
Total comprehensive income for the year		–	(1,912,668)	(1,912,668)
Dividends paid and payable	12	–	(30,000,000)	(30,000,000)
Capital contribution on inception of loans from fellow subsidiaries	23	–	3,495,165	3,495,165
Deemed distribution on inception of loans to fellow subsidiaries	23	–	(702,183)	(702,183)
Total investments by and distributions to owners		–	(27,207,018)	(27,207,018)
At 31 May 2015		1,000	(24,358,877)	(24,357,877)
Loss for the year			(15,080,843)	(15,080,843)
Total comprehensive income for the year		–	(15,080,843)	(15,080,843)
Capital contribution from parent	21	–	60,000,000	60,000,000
Deemed distribution on inception of loans to fellow subsidiaries	14	–	(12,214,873)	(12,214,873)
Total investments by and distributions to owners		–	47,785,127	47,785,127
At 31 May 2016		<u>1,000</u>	<u>8,345,407</u>	<u>8,346,407</u>

The notes on pages 10 to 17 form part of these financial statements.

BERKLEY ESTATES LONDON LIMITED

Notes to the financial statements

Year ended 31 May 2016

1. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

This is the first set of financial statements prepared by Berkley Estates London Limited in accordance with the accounting standards issued by the Financial Reporting Council, including FRS102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland ("FRS102")'.

2. Accounting policies

Basis of preparation

The following principal accounting policies have been applied:

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 June 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 23.

Disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Topland Group Plc as at 31 May 2016 and these financial statements may be obtained from Companies House.

Revenue recognition

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

Current and deferred tax

The tax expense is made up of current and deferred tax. Tax expense is recognised in profit and loss, except tax attributable to an income or expense recognised as other comprehensive income or recognised directly in equity, which is recognised as other comprehensive income or directly to equity as appropriate.

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.

Current and deferred tax is calculated using the tax rates and laws enacted or substantively enacted by the reporting date.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

BERKLEY ESTATES LONDON LIMITED

Notes to the financial statements *(continued)*

Year ended 31 May 2016

2. Accounting policies *(continued)*

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.

Depreciation

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

Office equipment	- 25% straight line
Motor Vehicles	- 25% straight line

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than its legal form.

Financial liabilities that are not classified as financial instruments are recorded at transaction cost. All changes to transaction cost are recognised in profit and loss account.

Financial Assets

Financial assets are classified according to the substance of the financial instrument's contractual obligations, rather than its legal form.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit and loss account immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

BERKLEY ESTATES LONDON LIMITED

Notes to the financial statements (continued)

Year ended 31 May 2016

2. Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits and other short term highly liquid investments with original maturities of three months or less.

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.

3. Judgements and key sources of estimation uncertainty

The preparation of financial statements in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, requires the use of certain critical accounting estimates and judgements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on Directors' best knowledge of the amount, event or actions, actual results may differ from those estimates. The following is intended to provide an understanding of the policies that the Directors' consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on the financial statements.

Recoverability of debtors

The recoverability of debtors is assessed based on factors specific to each individual debtor.

4. Turnover

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

5. Operating profit

Operating profit or loss is stated after (crediting)/charging:

	2016	2015
	£	£
Depreciation of tangible assets	234,150	235,456
Foreign exchange differences	(511,461)	231,392

6. Auditor's remuneration

	2016	2015
	£	£
Fees payable for the audit of the financial statements	46,509	67,000
Fees payable for the company's auditors for other services:		
Taxation compliance services	185,280	210,662

7. Employees

The average number of persons employed by the company during the year, including the directors, amounted to:

	2016	2015
	No	No
Total number of staff	31	31

BERKLEY ESTATES LONDON LIMITED

Notes to the financial statements (continued)

Year ended 31 May 2016

7. Employees (continued)

The aggregate payroll costs incurred during the year, relating to the above, were:

	2016 £	2015 £
Wages and salaries	3,260,797	1,618,772
Social security costs	793,988	685,763
	<u>4,054,785</u>	<u>2,304,535</u>

8. Directors

No director received any emoluments during the year (2015: £nil).

9. Interest receivable and similar income

	2016 £	2015 £
Interest on cash and cash equivalents	264,726	158,793
Interest from group undertakings	48,141,858	38,502,928
Effective interest from interest free intercompany loans	1,300,191	1,883,018
	<u>49,706,775</u>	<u>40,544,739</u>

10. Interest payable and similar charges

	2016 £	2015 £
Interest due to group undertakings	48,141,858	38,502,928
Effective interest on interest free intercompany loans	195,291	177,537
Other interest payable and similar charges	5,000	–
	<u>48,342,149</u>	<u>38,680,465</u>

11. Taxation on ordinary activities

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the year is higher than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 20.83%).

	2016 £	2015 £
Loss on ordinary activities before taxation	(15,080,843)	(1,912,668)
Loss on ordinary activities by rate of tax	(3,016,169)	398,409
Effect of expenses not deductible for tax purposes	3,119,575	24,138
Effect of capital allowances and depreciation	–	(31,092)
Group relief	460,694	(82,262)
Transfer pricing adjustments	(591,379)	(309,193)
Other timing differences not recognised	27,279	–
Tax on loss on ordinary activities	<u>–</u>	<u>–</u>

12. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2016 £	2015 £
Dividends on equity shares	<u>–</u>	<u>30,000,000</u>

BERKLEY ESTATES LONDON LIMITED

Notes to the financial statements (continued)

Year ended 31 May 2016

13. Tangible assets

	Office equipment £	Motor vehicles £	Total £
Cost			
At 1 June 2015	1,119,050	35,532	1,154,582
Additions	18,981	–	18,981
At 31 May 2016	1,138,031	35,532	1,173,563
Depreciation			
At 1 June 2015	535,895	27,390	563,285
Charge for the year	226,008	8,142	234,150
At 31 May 2016	761,903	35,532	797,435
Carrying amount			
At 31 May 2016	376,128	–	376,128
At 31 May 2015	583,155	8,142	591,297

14. Debtors

Debtors falling due within one year are as follows:

	2016 £	2015 £
Trade debtors	94,143	180,432
Amounts owed by group undertakings	469,307,752	548,254,840
Prepayments and accrued income	440,771	436,472
Other debtors	392,003	3,680,851
	470,234,669	552,552,595

Amounts owed by group undertakings of £326,774,177 (2015: £339,542,478) bear interest at 13% per annum; £38,990,398 (2015: £26,976,676) bear interest at 15% per annum; and the remainder bear no interest. Amounts owed by group undertakings falling due within one year are repayable on demand. During the year, provisions of £14,969,894 (2015: £6,093,905) have been made against these balances.

FRS 102 requires that substantial repayments and advances of intergroup loans that are not interest bearing or bear interest at below market rate, be remeasured at present value, with adjustments either being spread over the remaining life of the loan or being recognised in the profit and loss account.

The company accounts for such adjustments as capital contributions or deemed distributions in the Statement Changes in Equity, which has the effect of either increasing or decreasing net assets. A deemed distribution on inception of loans to fellow subsidiaries at fair value of £12,214,873 was recognised in the year (2015: £702,183).

Loans owed by fellow subsidiaries of £15,600,000 (2015: £15,600,000) bear interest at 10% per annum and are repayable in May 2018. During the year, interest totalling £1,560,000 (2015: £1,560,000) has been charged on these loans.

Loans owed by fellow subsidiaries with a gross value of £1,000,000, repayable in March 2027, which have an amortised fair value of £337,774 at 31 May 2016 (31 May 2015: £305,596), were fully provided for during the year (2015: £nil).

BERKLEY ESTATES LONDON LIMITED

Notes to the financial statements (continued)

Year ended 31 May 2016

15. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	246,784	717,462
Amounts owed to group undertakings	561,418,848	599,334,996
Accruals and deferred income	663,351	942,833
Social security and other taxes	889,735	1,947,792
Other creditors	1,401,095	1,336,591
	<u>564,619,813</u>	<u>604,279,674</u>

Amounts owed to group undertakings are repayable on demand, amounts of £15,600,000 (2015: £15,600,000) bear interest at 10% per annum and the remainder bear no interest.

16. Creditors: amounts falling due after more than one year

	2016 £	2015 £
Amounts owed to group undertakings	<u>2,148,199</u>	<u>1,952,908</u>

	2016 £	2015 £
Maturity of debt:		
Between two and five years	<u>2,148,199</u>	<u>1,952,908</u>
	<u>2,148,199</u>	<u>1,952,908</u>

Loans owed to group undertakings of £2,600,000 (2015: £2,600,000) are repayable in May 2018 and are recognised at inception at fair value using an effective rate of interest of 10.38% per annum. Effective interest is charged to the Statement of Comprehensive Income.

17. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2016 £	2015 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>574,297,520</u>	<u>580,846,936</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>565,214,926</u>	<u>603,341,957</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and amounts owed to group undertakings.

18. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No 1,000	£ 1,000	No 1,000	£ 1,000
Ordinary shares of £1 each	<u> </u>	<u> </u>	<u> </u>	<u> </u>

BERKLEY ESTATES LONDON LIMITED

Notes to the financial statements *(continued)*

Year ended 31 May 2016

19. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

20. Commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases in respect of property are as follows:

	2016 £	2015 £
Later than 5 years	<u>4,265,760</u>	<u>4,867,985</u>

21. Related party transactions

During the year management fees totalling £1,240,517 (2015: £1,964,040); letting and rent review fees of £2,643,112 (2015: £4,237,392) and interest of £48,141,858 (2015: £38,502,928) were receivable from fellow subsidiary companies of Topland Group Holdings Limited. Interest of £48,141,858 (2015: £38,502,928) was payable to fellow subsidiary companies of Topland Group Holdings Limited.

At the year end, an amount of £484,907,752 (2015: £564,160,436) was due from, and an amount of £561,418,848 (2015: £599,334,996) was due to fellow subsidiary companies of Topland Group Holdings Limited.

22. Controlling party

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.

Topland Group Plc is the most senior parent whose financial statements may be obtained from Companies House.

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.

BERKLEY ESTATES LONDON LIMITED

Notes to the financial statements (continued)

Year ended 31 May 2016

23. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 June 2014.

Until the 31 May 2015 the Company reported under previous UK GAAP. The changes to previously reported profit and equity are noted in the table and explanatory notes.

Company	Note	Equity as at 1 June 2014 £	Profit/(Loss) for the year ended 31 May 2015 £	Equity as at 31 May 2015 £
As stated under former UK GAAP		35,371,646	(27,524,244)*	7,847,402
Transitional adjustments				
Recognition of group loans payable at present value at inception	a	986,026	–	986,026
Recognition of group loans receivable at present value at inception	a	(11,508,056)	–	(11,508,056)
Effective interest payable on interest free group loans	a	1,936,124	1,883,018	3,819,142
Effective interest receivable on interest free group loans	a	(161,397)	(177,537)	(338,934)
Capital contribution on substantial movement in interest free group loans	b	–	3,495,165	3,495,165
Capital contribution on substantial movement in interest free group loans	b	–	(702,183)	(702,183)
Adjustment to provisions against group balances receivable	c	(21,862,534)	(6,093,905)	(27,956,439)
As stated in accordance with FRS 102		<u>4,761,809</u>	<u>(29,119,686)</u>	<u>(24,357,877)</u>

*this figure is stated after the deducting the dividends of £30,000,000 paid and payable during the year ended 31 May 2015.

Explanation of changes to previously reported profit and equity:

(a) FRS 102 requires that intergroup loans that are repayable after one year, and that are not interest bearing or bear interest at below market rate, be remeasured at present value. Subsequently such loans are held at amortised cost. Under previous UK GAAP, the group's accounting policy for long term intergroup loans was to measure them at cost less impairments. The effect of the change has been to decrease the value of initial recognition of the loan and to increase the annual interest payable on the loan.

(b) FRS 102 requires that substantial repayments and advances of intergroup loans that are not interest bearing or bear interest at below market rate, be remeasured at present value, with adjustments either being spread over the remaining life of the loan or being recognised in the profit and loss account. The company accounts for such adjustments as capital contributions or deemed distributions in the Statement Changes in Equity, which has the effect of either increasing or decreasing net assets.

(c) Following transition to FRS102 some group undertakings have net liabilities. In such instances the amounts due from those group undertakings has been assessed and transition provisions have been made against those receivable balances.