

**COMPANY REGISTRATION NUMBER 02895938**

**TOPLAND ESTATES (LONDON) LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2014**



# **TOPLAND ESTATES (LONDON) LIMITED**

## **Financial statements**

**Year ended 31 May 2014**

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# **TOPLAND ESTATES (LONDON) LIMITED**

## **Officers and professional advisers**

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### **The board of directors**

S Zakay  
E Zakay  
C E Bush  
R W Jones

### **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

# TOPLAND ESTATES (LONDON) LIMITED

## Directors' report

Year ended 31 May 2014

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The directors present their report and the financial statements of the company for the year ended 31 May 2014.

### Principal activities and developments

As explained in note 1 to the financial statements, the company is party to a cross guarantee of approximately £310m, of which £4.1m is owed by the company. During the year the covenants on the loan facilities were breached and the lender has taken enforcement action against other subsidiaries party to the cross guarantee. The total borrowings secured under the cross guarantee of approximately £310m are expected to significantly exceed the value of the assets available to make repayment.

As a result of this, and in expectation of enforcement action being undertaken against the company itself, the directors are unable to presume that the company will continue to be a going concern. As explained in note 1 to the financial statements, the directors do not believe the going concern basis to be appropriate and therefore these financial statements have not been prepared on a going concern basis.

### Directors

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

S Zakay  
E Zakay  
C E Bush  
R W Jones

S Zakay was appointed as a director on 1 October 2013.

### 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 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. As explained in note 1 to the financial statements the directors do not believe the going concern basis to be appropriate and therefore these financial statements have not been prepared on a going concern basis.

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.

# TOPLAND ESTATES (LONDON) LIMITED

## Directors' report *(continued)*

Year ended 31 May 2014

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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 25/1/14

# **TOPLAND ESTATES (LONDON) LIMITED**

## **Independent auditor's report to the members of Topland Estates (London) Limited**

**Year ended 31 May 2014**

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We were engaged to audit the financial statements of Topland Estates (London) Limited for the year ended 31 May 2014 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, 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. 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 disclaimer of opinion on financial statements**

In seeking to form our opinion on the financial statements, we have considered the implications of the significant uncertainties and matters disclosed in the financial statements concerning the following matters:

- The potential liability of the company arising from it cross guaranteeing the borrowings of other group companies cannot be quantified until all of the assets and liabilities have been realised within each of the group companies party to the cross guarantee. The total borrowings secured under the cross guarantee of approximately £310m (of which £4.1m is owed by the company) are expected to be significantly above the value of the assets available to make repayment. The lender is taking enforcement action against fellow subsidiaries under the cross guarantee arrangement.

Owing to the fact that information is not available to quantify the liability in relation to the cross guarantee the audit evidence available to us was limited and we have not been able to complete our audit procedures in respect of the matters listed above.

### **Disclaimer of opinion on financial statements**

Because of the significance of the matters described in the Basis for Disclaimer of Opinion on the Financial Statements paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

### **Emphasis of matter - financial statements prepared other than on a going concern basis**

We have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. As a result of the lender taking enforcement action in relation to the cross guarantee the directors are unable to presume that the company will continue to be a going concern and therefore these financial statements have not been prepared on a going concern basis.

### **Opinion on other matters prescribed by the Companies Act 2006**

Notwithstanding our disclaimer of opinion on the financial statements, 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.

# TOPLAND ESTATES (LONDON) LIMITED

Independent auditor's report to the members of Topland Estates (London) Limited *(continued)*

Year ended 31 May 2014

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## 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 take advantage of the small companies' exemption in preparing the directors' report and to the exemption from the requirement to prepare a strategic report.

*Bas LLP*

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

.....25/11/14

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

# TOPLAND ESTATES (LONDON) LIMITED

## Profit and loss account

Year ended 31 May 2014

	Note	2014 £	2013 £
<b>Turnover</b>	<b>2</b>	<b>–</b>	<b>–</b>
Administrative expenses		(2,250)	(1,401)
<b>Operating loss</b>	<b>3</b>	<b>(2,250)</b>	<b>(1,401)</b>
Interest payable and similar charges	<b>6</b>	<b>(227,923)</b>	<b>(232,213)</b>
<b>Loss on ordinary activities before taxation</b>		<b>(230,173)</b>	<b>(233,614)</b>
Tax on loss on ordinary activities	<b>7</b>	<b>–</b>	<b>–</b>
<b>Loss for the financial year</b>		<b>(230,173)</b>	<b>(233,614)</b>

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 11 form part of these financial statements.



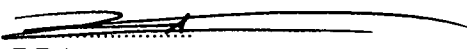
# TOPLAND ESTATES (LONDON) LIMITED

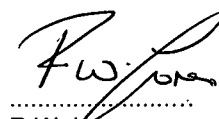
## Balance sheet

As at 31 May 2014

	Note	2014 £	2013 £
<b>Current assets</b>			
Debtors due within one year	8	–	113,320
Debtors due after one year	8	6,500,000	6,500,000
		6,500,000	6,613,320
<b>Creditors: Amounts falling due within one year</b>	9	(4,289,629)	(115,745)
<b>Net current assets</b>		2,210,371	6,497,575
<b>Total assets less current liabilities</b>		2,210,371	6,497,575
<b>Creditors: Amounts falling due after more than one year</b>	10	–	(4,057,031)
<b>Net assets</b>		2,210,371	2,440,544
<b>Capital and reserves</b>			
Called-up equity share capital	12	1,000	1,000
Profit and loss account	13	2,209,371	2,439,544
<b>Shareholders' funds</b>	14	2,210,371	2,440,544

These accounts were approved by the directors and authorised for issue on 25/11/14, and are signed on their behalf by:

  
E Zakay

  
R W Jones

Company Registration Number: 02895938

The notes on pages 8 to 11 form part of these financial statements.

# TOPLAND ESTATES (LONDON) LIMITED

## Notes forming part of the financial statements

Year ended 31 May 2014

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### 1. Accounting policies

#### Basis of preparation

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

The company is party to a cross guarantee of approximately £310m (of which £4.1m is owed by the company). During the year the covenants on the loan facilities were breached and the lender has taken enforcement action against other subsidiaries party to the cross guarantee. The total bank borrowings secured under the cross guarantee of approximately £310m are expected to significantly exceed the value of the assets available to make repayment. Because of the uncertainty around this the quantum of the liability of the company cannot be assessed.

The directors understand that the receiver intends to dispose of the property secured under the cross guarantee and use the proceeds to repay as much of the bank loan secured across the company and other group companies. After this the directors expect that there will be no alternative but to cease trading and wind up the company.

As a result of the above and in expectation of enforcement action being undertaken against the company, the directors have concluded that it is not appropriate to adopt a going concern basis of preparation in these financial statements. This has not resulted in adjustment to the carrying amounts of assets and liabilities included in the financial statements.

#### 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.

#### 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
- 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.

#### 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.

### 2. Turnover

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

### 3. Operating loss

Operating loss is stated after charging:

	2014 £	2013 £
Auditor's remuneration		
- audit	1,000	696
- tax compliance services	1,250	705

# TOPLAND ESTATES (LONDON) LIMITED

## Notes forming part of the financial statements

Year ended 31 May 2014

### 4. Particulars of employees

There were no persons employed by the company in the year (2013: nil).

### 5. Directors

No director received any emoluments during the year (2013: £nil)

### 6. Interest payable and similar charges

	2014	2013
	£	£
Interest payable on bank borrowing	<u>227,923</u>	<u>232,213</u>

### 7. Taxation on ordinary activities

No taxation charge arises on the profit for the year.

#### Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 22.67% (2013 - 23.83%).

	2014	2013
	£	£
Loss on ordinary activities before taxation	<u>(230,173)</u>	<u>(233,614)</u>
Loss on ordinary activities by rate of tax	(52,171)	(55,677)
Group relief	(95,956)	(105,621)
Transfer pricing adjustments	<u>148,127</u>	<u>161,298</u>
Total current tax	<u>-</u>	<u>-</u>

### 8. Debtors

	2014	2013
	£	£
Amounts due from group undertakings	<u>6,500,000</u>	<u>6,613,320</u>

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

	2014	2013
	£	£
Amounts owed by group undertakings	<u>6,500,000</u>	<u>6,500,000</u>

Amounts owed by group undertakings bear no interest and the £6,500,000 due after one year is repayable in full in May 2018.

### 9. Creditors: Amounts falling due within one year

	2014	2013
	£	£
Bank loans	4,097,105	79,055
Amounts owed to group undertakings	42,770	-
Accruals and deferred income	<u>149,754</u>	<u>36,690</u>
	<u>4,289,629</u>	<u>115,745</u>

Amounts owed to group undertakings bear no interest and have no fixed terms of repayment.

# TOPLAND ESTATES (LONDON) LIMITED

## Notes forming part of the financial statements

Year ended 31 May 2014

### 10. Creditors: Amounts falling due after more than one year

	2014	2013
	£	£
Bank loans	<u>—</u>	<u>4,057,031</u>

The loan had previously been secured by a first legal mortgage over the investment property and a floating charge over the assets of the company. Additionally the lender had a legal assignment over the rental income of the property.

Following the disposal of the investment property under a compulsory purchase order, the bank loan interest is being met by a fellow subsidiary. Of the total proceeds received of £6,721,314, £4,685,926 was placed on deposit with the lender by the fellow subsidiary. These sums are included within amounts owed by group undertaking.

The loan is in default and payable on demand.

	2014	2013
	£	£
Maturity of debt:		
In one year or less, or on demand	<u>4,097,105</u>	<u>79,056</u>
Between one and two years	-	83,550
Between two and five years	-	97,229
After more than five years	-	3,876,252
	<u>-</u>	<u>4,057,031</u>

### 11. Contingent liabilities

The company has cross guaranteed the borrowing of several other group companies. The potential liability of the company arising from it cross guaranteeing the borrowing of other group companies cannot be quantified until all of the assets and liabilities have been realised within each of the group companies which are included in the cross guarantee. The total borrowings secured under the cross guarantee of approximately £310m (of which £4.1m is owed by the company) are expected to be significantly above the value of the assets available to make repayment.

### 12. Share capital

Allotted, called up and fully paid:

	2014		2013	
	No	£	No	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

# TOPLAND ESTATES (LONDON) LIMITED

Notes forming part of the financial statements

Year ended 31 May 2014

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## 13. Reserves

	Profit and loss account £
Balance brought forward	2,439,544
Loss for the year	(230,173)
Balance carried forward	<u>2,209,371</u>

## 14. Reconciliation of movements in shareholders' funds

	2014 £	2013 £
Loss for the financial year	(230,173)	(233,614)
Opening shareholders' funds	<u>2,440,544</u>	<u>2,674,158</u>
Closing shareholders' funds	<u>2,210,371</u>	<u>2,440,544</u>

## 15. 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.