

TOPLAND SERVICES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011

Company number 4167779

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TOPLAND SERVICES LIMITED

Annual report and financial statements For the year ended 31 May 2011

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Directors

E Zakay
C E Bush
R W Jones

Secretary and registered office

C F Moharm, 55 Baker Street, London, W1U 7EU

Company number

4167779

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Bankers

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

TOPLAND SERVICES LIMITED

Report of the directors For the year ended 31 May 2011

The directors present their report together with the audited financial statements for the year ended 31 May 2011

Results and dividends

The profit and loss account is set out on page 3 and shows the profit for the year. The directors do not recommend the payment of a dividend for the year (2010 £nil)

Principal activities, review of the business and future developments

The company's principal activity is that of property investment. 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 of the company during the year were

E Zakay
C E Bush
R W Jones

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with the Companies Act 2006 and for being satisfied that the financial statements give a true and fair view. The directors are also responsible for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which 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 judgements and estimates that are reasonable and prudent,
- state whether applicable 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 show and explain the company's transactions, 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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

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

This report of the directors has been prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies.

By order of the Board



C F Moharm
Secretary

4 October 2011

TOPLAND SERVICES LIMITED

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOPLAND SERVICES LIMITED

We have audited the financial statements of Topland Services Limited for the year ended 31 May 2011 which comprise the profit and loss account, the statement of total recognised gains and losses, 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 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2011 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 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 explanation 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
United Kingdom

4 October 2011

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

TOPLAND SERVICES LIMITED**Profit and loss account
For the year ended 31 May 2011**

	Note	2011 £	2010 £
Turnover	2	717,577	720,127
Property expenses		(24,595)	(24,538)
Administrative expenses		(2,205)	(2,204)
Operating profit	3	690,777	693,385
Interest payable and similar charges	6	(627,711)	(637,861)
Profit on ordinary activities before taxation		63,066	55,524
Taxation on profit on ordinary activities	7	-	-
Profit on ordinary activities after taxation	14	63,066	55,524

All amounts relate to continuing activities

The notes on pages 6 to 9 form part of these financial statements

TOPLAND SERVICES LIMITED

**Statement of total recognised gains and losses
For the year ended 31 May 2011**

	2011	2010
	£	£
Statement of total recognised gains and losses		
Profit for the financial year	63,066	55,524
Unrealised surplus/(deficit) on revaluation of properties	266,220	(1,069,270)
Total recognised gains and losses for the financial year	<u>329,286</u>	<u>(1,013,746)</u>

The notes on pages 6 to 9 form part of these financial statements

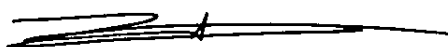
TOPLAND SERVICES LIMITED

**Balance sheet
As at 31 May 2011**


	Note	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Tangible assets	8		21,196,950		20,930,730
Current assets					
Debtors amounts falling due within one year		833,550		1,077,998	
Debtors amounts falling due after one year	9	3,000,000		3,000,000	
		3,833,550		4,077,998	
Creditors: amounts falling due within one year	10	(2,626,884)		(2,934,398)	
Net current assets			1,206,666		1,143,600
Total assets less current liabilities			22,403,616		22,074,330
Creditors: amounts falling due after more than one year	11		(11,277,591)		(11,277,591)
Net assets			11,126,025		10,796,739
Capital and reserves					
Called up share capital	13		1,000		1,000
Revaluation reserve	14		11,234,368		10,968,148
Profit and loss account	14		(109,343)		(172,409)
Shareholders' funds	15		11,126,025		10,796,739

These financial statements were approved by the board of directors and authorised for issue on 4 October 2011

E Zakay
Director



R W Jones
Director



Company number 4167779

The notes on pages 6 to 9 form part of these financial statements

TOPLAND SERVICES LIMITED

Notes forming part of the financial statements For the year ended 31 May 2011

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, and in accordance with applicable accounting standards

In order to show a true and fair view the company's accounting policy in respect of investment properties departs from the requirements of the Companies Act 2006. Details of this departure are given below

The following principal accounting policies have been applied

Turnover

Turnover represents net rental and related income receivable less value added tax

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost together with any incidental cost of acquisition

Investment properties

In accordance with Statement of Standard Accounting Practice 19, investment properties are revalued annually to open market value and no depreciation is provided. 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 impracticable and, in the opinion of the directors, would be misleading

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in value in which case it is charged to the profit and loss account

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

Lessor incentives

Lessor incentives include rent free periods and other incentives given to lessees on entering into lease agreements

Lessor incentives to new tenants to occupy the company's investment properties are treated as revenue expenditure and initially recorded as prepayments. The payments are then charged to the profit and loss account evenly over the period to the earlier of the first rent review to the prevailing market rent and the lease end date. Where lessor incentives relate to investment properties the properties are carried at open market value less the amount of the unamortised incentive

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

TOPLAND SERVICES LIMITED**Notes forming part of the financial statements (continued)
For the year ended 31 May 2011****1 Accounting policies (continued)***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 profit	2011 £	2010 £
This has been arrived at after charging		
Auditors' remuneration		
- audit	966	902
- tax compliance services	1,239	1,302
	<u> </u>	<u> </u>

4 Employees

There were no persons employed by the company in the year (2010 nil)

5 Directors

No director received any emoluments during the year (2010 £nil)

6 Interest payable and similar charges	2011 £	2010 £
Bank loans and overdrafts	627,711	627,711
Loan facility fees	-	10,150
	<u>627,711</u>	<u>637,861</u>

7 Taxation on profit on ordinary activities

No taxation charge arises on the profit for the year

	2011 £	2010 £
<i>Tax reconciliation</i>		
Profit on ordinary activities before taxation	63,066	55,524
	<u> </u>	<u> </u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 27.67% (2010 28%)	17,448	15,547
Effects of		
Group relief	(28,111)	(71,697)
Transfer pricing adjustments	10,663	56,150
	<u> </u>	<u> </u>
Current tax charge for year	-	-
	<u> </u>	<u> </u>

TOPLAND SERVICES LIMITED

Notes forming part of the financial statements (continued) **For the year ended 31 May 2011**

8 Tangible fixed assets	Investment properties freehold land and buildings £
Cost or valuation	
At 1 June 2010	20,930,730
Revaluation surplus	266,220
At 31 May 2011	21,196,950

The investment property was valued as at 31 May 2011 by the directors on an open market basis. Selling costs have not been deducted because there is no intention to sell the property.

The historical cost of the property is £9,962,582 (2010 £9,962,582)

9 Debtors	2011 £	2010 £
Amounts falling due within one year		
Trade debtors	30,500	8,728
Prepayments and accrued income	803,050	1,069,270
	833,550	1,077,998
Amounts falling due after one year		
Amounts owed by group undertakings	3,000,000	3,000,000

Amounts owed by group undertakings bear no interest and the £3,000,000 due after one year is repayable in full in February 2014.

10 Creditors: amounts falling due within one year	2011 £	2010 £
Trade creditors	593	1,606
Amounts owed to group undertakings	2,461,316	2,767,817
Accruals and deferred income	164,975	164,975
	2,626,884	2,934,398

11 Creditors: amounts falling due after more than one year	2011 £	2010 £
Bank loan	11,277,591	11,277,591
Maturity of debt After more than five years	11,277,591	11,277,591

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

The loan is repayable in 2029 as a lump sum. Interest is payable at 5.57% per annum.

TOPLAND SERVICES LIMITED

Notes forming part of the financial statements (continued) For the year ended 31 May 2011

12 Deferred taxation

No provision has been made for the potential tax liability of £1,861,784 (2010 £2,124,290) which would arise if the investment property was sold at its revalued amount

13 Share capital

	2011 £	2010 £
Authorised 1,000 ordinary shares of £1 each	1,000	1,000
Alotted, called up and fully paid 1,000 ordinary shares of £1 each	1,000	1,000

14 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 June 2010	10,968,148	(172,409)
Profit for the year	-	63,066
Revaluation surplus	266,220	-
At 31 May 2011	11,234,368	(109,343)

15 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the year	63,066	55,524
Unrealised surplus on revaluation of properties	266,220	(1,069,270)
Net additions to/(deductions from) shareholders' funds	329,286	(1,013,746)
Opening shareholders' funds	10,796,739	11,810,485
Closing shareholders' funds	11,126,025	10,796,739

16 Contingent liabilities

The investment property is cross charged as security for a loan taken out by Topland Portfolio No 1 Limited, a fellow subsidiary, for £11,927,582 (2010 £12,077,449)

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.