

COMPANY REGISTRATION NUMBER 04167779

TOPLAND SERVICES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013



TOPLAND SERVICES LIMITED

Financial statements

Year ended 31 May 2013

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TOPLAND SERVICES LIMITED

Officers and professional advisers

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 Chartered Accountants & Statutory Auditor 55 Baker Street London W1U 7EU
Bankers	Barclays Bank Plc Pall Mall Corporate Group 50 Pall Mall London SW1A 1QA

TOPLAND SERVICES 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 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 who served the company during the year were as follows

E Zakay
C E Bush
R W Jones

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.

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.

TOPLAND SERVICES LIMITED

Directors' report *(continued)*

Year ended 31 May 2013

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

A handwritten signature in black ink, consisting of a stylized 'C' followed by a long, sweeping horizontal line that curves upwards at the end.

C F Moharm
Company Secretary

Approved by the directors on 25 February 2014

TOPLAND SERVICES LIMITED

Independent auditor's report

Year ended 31 May 2013

We have audited the financial statements of Topland Services Limited for the year ended 31 May 2013 which comprise the profit and loss account, statement of total recognised gains and losses, 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 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.

Emphasis of matter - going concern

In forming our opinion, which is not modified, we have considered the adequacy of the disclosures made in the note 1 to the financial statements concerning the company's ability to continue as a going concern.

After the year end the company breached its loan covenants which results in its lender being able to require the loans to be repaid on demand. The ability of the Company to continue to as a going concern is dependent on the continuing financial support of the bankers and on the successful renegotiation of the loan facility. The directors believe that the lender will continue to be supportive and that they will be successful in renegotiating the terms of the loan. However as no formal agreement is in place with the lender there can be no certainty as to the outcome of these discussions.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

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.

TOPLAND SERVICES 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)

TOPLAND SERVICES LIMITED

Profit and loss account

Year ended 31 May 2013

		2013	2012
	Note	£	£
Turnover	2	412,570	430,338
Property expenses		(29,868)	(19,025)
Administrative expenses		(1,768)	(1,829)
Operating profit	3	380,934	409,484
Interest payable and similar charges	6	(627,711)	(627,711)
Loss on ordinary activities before taxation		(246,777)	(218,227)
Tax on loss on ordinary activities	7	-	-
Loss for the financial year		(246,777)	(218,227)

All of the activities of the company are classed as continuing

The notes on pages 9 to 13 form part of these financial statements.

TOPLAND SERVICES LIMITED

Statement of total recognised gains and losses

Year ended 31 May 2013

	2013 £	2012 £
Loss for the financial year	(246,777)	(218,227)
Unrealised (loss)/profit on revaluation of investment properties	<u>(3,233,780)</u>	<u>266,960</u>
Total gains and losses recognised since the last financial statements	<u>(3,480,557)</u>	<u>48,733</u>

The notes on pages 9 to 13 form part of these financial statements

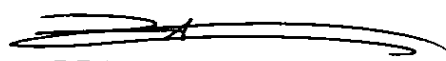
TOPLAND SERVICES LIMITED

Balance sheet

As at 31 May 2013

	Note	2013 £	2012 £
Fixed assets			
Tangible assets	8	18,230,130	21,463,910
Current assets			
Debtors due within one year	9	403,224	609,535
Debtors due after one year	9	3,000,000	3,000,000
		<u>3,403,224</u>	<u>3,609,535</u>
Creditors: Amounts falling due within one year	10	<u>(2,661,562)</u>	<u>(2,621,096)</u>
Net current assets		<u>741,662</u>	<u>988,439</u>
Total assets less current liabilities		<u>18,971,792</u>	<u>22,452,349</u>
Creditors: Amounts falling due after more than one year	11	<u>(11,277,591)</u>	<u>(11,277,591)</u>
Net assets		<u>7,694,201</u>	<u>11,174,758</u>
Capital and reserves			
Called-up equity share capital	14	1,000	1,000
Revaluation reserve	15	8,267,548	11,501,328
Profit and loss account	15	(574,347)	(327,570)
Shareholders' funds	16	<u>7,694,201</u>	<u>11,174,758</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 04167779

The notes on pages 9 to 13 form part of these financial statements

TOPLAND SERVICES 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, modified to include the revaluation of investment properties, subject to the departures referred to below

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

Going Concern

The company's bank loan is included in a cross-guarantee with certain subsidiaries of Topland Group Holdings Limited and Topland Group Plc. On 3 January 2014 the covenants relating to these loans were breached, resulting in the loan becoming payable on the demand of lender and enabling the lender to enforce its security over the company's investment property which is secured against the bank loan. The ability of the Company to continue to as a going concern is dependent on the continuing financial support of the bankers and on the successful renegotiation of the loan facility.

The directors are in discussion with the lender to resolve the position. The directors believe that the lender will continue to be supportive and that they will be successful in renegotiating the terms of the loan. However as no formal agreement is in place with the lender there can be no certainty as to the outcome of these discussions.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

On the basis set out above, the director's believe that it is appropriate to prepare these financial statements as a going concern. These financial statements do not include adjustments that would result if the Company was unable to continue as a going concern.

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

Fixed assets

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

TOPLAND SERVICES LIMITED

Notes forming part of the financial statements

Year ended 31 May 2013

1 Accounting policies *(continued)*

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.

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.

TOPLAND SERVICES LIMITED

Notes forming part of the financial statements

Year ended 31 May 2013

3 Operating profit

Operating profit is stated after charging

	2013 £	2012 £
Auditor's remuneration		
- audit	878	873
- tax compliance services	<u>890</u>	<u>956</u>

4. Particulars of employees

There were no persons employed by the company in the year (2012 nil)

5. Directors

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

6. Interest payable and similar charges

	2013 £	2012 £
Interest payable on bank borrowing	<u>627,711</u>	<u>627,711</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 lower than the standard rate of corporation tax in the UK of 23.83% (2012 - 25.67%)

	2013 £	2012 £
Loss on ordinary activities before taxation	<u>(246,777)</u>	<u>(218,227)</u>
Profit/(loss) on ordinary activities by rate of tax	58,814	(56,012)
Unrelieved tax losses	-	42,364
Group relief	(46,789)	-
Transfer pricing adjustments	<u>(12,025)</u>	<u>13,648</u>
Total current tax	<u>-</u>	<u>-</u>

8 Tangible fixed assets

	Investment properties freehold land and buildings £
Cost or valuation	
At 1 June 2012	21,463,910
Revaluation	<u>(3,233,780)</u>
At 31 May 2013	<u>18,230,130</u>

TOPLAND SERVICES LIMITED

Notes forming part of the financial statements

Year ended 31 May 2013

8 Tangible fixed assets (continued)

The investment property was valued as at 31 May 2013 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 (2012 £9,962,582)

9 Debtors

	2013 £	2012 £
Trade debtors	124,353	73,445
Amounts due from group undertakings	3,000,000	3,000,000
Other debtors	750	—
Prepayments and accrued income	278,121	536,090
	<u>3,403,224</u>	<u>3,609,535</u>

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

	2013 £	2012 £
Amounts owed by group undertakings	<u>3,000,000</u>	<u>3,000,000</u>

Amounts owed by group undertakings bear no interest and the £3,000,000 due after one year is repayable in full in May 2018

10. Creditors: Amounts falling due within one year

	2013 £	2012 £
Trade creditors	592	593
Amounts owed to group undertakings	2,515,672	2,475,213
Accruals and deferred income	145,298	145,290
	<u>2,661,562</u>	<u>2,621,096</u>

11 Creditors: Amounts falling due after more than one year

	2013 £	2012 £
Bank loans	<u>11,277,591</u>	<u>11,277,591</u>

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

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

	2013 £	2012 £
Maturity of debt		
After more than five years	<u>11,277,591</u>	<u>11,277,591</u>

TOPLAND SERVICES LIMITED

Notes forming part of the financial statements

Year ended 31 May 2013

12 Provisions for liabilities and charges

No provision has been made for the potential tax liability of £761,450 (2012 £1,679,516) which would arise if the investment property was sold at its revalued amount

13 Contingencies

The investment property is cross charged as security for a loan taken out by Topland Portfolio No 1 Limited, a fellow subsidiary, for £11,599,911 (2012 £11,768,588)

14. Share capital

Allotted, called up and fully paid

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

15 Reserves

	Revaluation reserve	Profit and loss account
	£	£
Balance brought forward	11,501,328	(327,570)
Loss for the year	—	(246,777)
Other gains and losses		
- Revaluation of investment properties	(3,233,780)	—
Balance carried forward	<u>8,267,548</u>	<u>(574,347)</u>

16. Reconciliation of movements in shareholders' funds

	2013	2012
	£	£
Loss for the financial year	(246,777)	(218,227)
Other net recognised gains and losses	(3,233,780)	266,960
Net (reduction)/addition to shareholders' funds	(3,480,557)	48,733
Opening shareholders' funds	<u>11,174,758</u>	<u>11,126,025</u>
Closing shareholders' funds	<u>7,694,201</u>	<u>11,174,758</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.