

COMPANY REGISTRATION NUMBER 04167779

**TOPLAND SERVICES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2015**

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# **TOPLAND SERVICES LIMITED**

## **Financial statements**

**Year ended 31 May 2015**

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# **TOPLAND SERVICES LIMITED**

## **Officers and professional advisers**

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<b>The board of directors</b>	S Zakay E Zakay
<b>Company secretary</b>	C F Moharm
<b>Registered office</b>	55 Baker Street, London, W1U 7EU
<b>Auditor</b>	BDO LLP 55 Baker Street London W1U 7EU
<b>Bankers</b>	Barclays Bank Plc Pall Mall Corporate Group 50 Pall Mall London SW1A 1QA

# TOPLAND SERVICES LIMITED

## Directors' report

Year ended 31 May 2015

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The directors present their report and the financial statements of the company for the year ended 31 May 2015.

### Principal activities and developments

During the year the company's principal activity was investment in UK property.

As explained in note 1 to the financial statements, during the prior year the company breached its bank loan covenants. On 11 April 2014, the company's lending bank appointed Law of Property Act Receivers to administer the company's investment property with the objective of securing repayment of the company's bank loan and releasing the liabilities associated with the company cross guaranteeing the borrowings of other group companies. The total bank borrowings secured under the cross guarantee were approximately £310m (of which £11.3m was owed by the company and has been fully repaid in the current year). The records provided by the Receiver indicate that some of the properties charged in respect of the cross guarantee have been sold, the net proceeds of which have been used to repay liabilities arising under the cross guarantee. Some of these properties were sold at a profit however the remaining cross guarantee liability is expected to significantly exceed the value of the remaining assets available to make repayment.

As a result of this 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

C E Bush resigned as a director on 30 September 2015.

R W Jones resigned as a director on 9 July 2015.

### 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.

# TOPLAND SERVICES LIMITED

## Directors' report *(continued)*

Year ended 31 May 2015

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As explained in Note 1 to the financial statements, during the prior year, the company breached its bank loan covenants and as a result of this the lender appointed Law of Property Act Receivers. Since that time, some of the company's accounting records were held by the Receiver. Owing to the fact that the directors have been provided with limited information from the Receiver and the directors did not have access to all of the company's accounting records, they have prepared the financial statements on the basis of information which has been filed at Companies House by the Receiver. This information may not be complete and therefore the company's accounting records would not be accurate. The directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) on the basis of the information available however because the accounting records may not be complete, the financial statements may not 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.

### **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.

### **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 23 March 2016

# TOPLAND SERVICES LIMITED

## Independent auditor's report to the members of Topland Services Limited

Year ended 31 May 2015

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We were engaged to audit the financial statements of Topland Services Limited for the year ended 31 May 2015 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, 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 associated with the completeness of accounting transactions and matters disclosed in the financial statements concerning the following matters:

- On 11 April 2014 the company's lending bank appointed Law of Property Act Receivers to administer the company's investment property assets with the objective of securing repayment of the company's bank loan and releasing the liabilities associated with the company cross guaranteeing the borrowings of 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 were approximately £310m (of which £11.3m was owed by the company and has been fully repaid in the current year). The records provided by the Receiver indicate that some of the properties charged in respect of the cross guarantee have been sold, the net proceeds of which will have been used to repay liabilities arising under the cross guarantee. The remaining cross guarantee liability is expected to significantly exceed the value of the remaining assets available to make repayment.
- From the date that the Receivers were appointed the directors have not had access to the company's records in relation to the property and have therefore prepared the financial statements on the basis of information which has been filed at Companies House by the Receiver. This information may not be complete and therefore the company's accounting records would not be accurate.

# TOPLAND SERVICES LIMITED

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

Year ended 31 May 2015

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## **Basis for disclaimer of opinion on financial statements (continued)**

Owing to the fact that the company's accounting records in respect of the property are with the Receiver and that the directors have not been provided with any information from the Receiver, 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 appointment of Law of Property Act Receivers in the prior year, 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.

## **Matters on which we are required to report by exception**

In respect solely of the limitation on our work relating to the company's accounting records in respect of the investment property being in the hands of the Receiver as described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been kept.

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:

- 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
- 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.

*BDO LLP*

Geraint Jones (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
23 March 2016

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 2015

	Note	2015 £	2014 £
<b>Turnover</b>	<b>2</b>	<b>49,690</b>	<b>487,038</b>
Property expenses		(22,454)	(70,641)
Administrative expenses		(79,097)	(2,750)
<b>Operating (loss)/profit</b>	<b>3</b>	<b>(51,861)</b>	<b>413,647</b>
Loss on disposal of fixed assets	<b>5</b>	<b>(2,100,632)</b>	-
Interest payable and similar charges	<b>7</b>	<b>(1,255,960)</b>	(639,652)
<b>Loss on ordinary activities before taxation</b>		<b>(3,408,453)</b>	<b>(226,005)</b>
Tax on loss on ordinary activities	<b>8</b>	-	-
<b>Loss for the financial year</b>		<b>(3,408,453)</b>	<b>(226,005)</b>

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 2015

	2015 £	2014 £
Loss for the financial year	(3,408,453)	(226,005)
Unrealised profit on revaluation of investment properties	—	191,420
Total gains and losses recognised since the last financial statements	<u>(3,408,453)</u>	<u>(34,585)</u>

### Note of historical cost profits and losses

	2015 £	2014 £
Reported loss on ordinary activities before taxation	(3,408,453)	(226,005)
Realisation of gains recognised in previous periods	<u>8,458,968</u>	—
Historical cost profit/(loss) on ordinary activities before taxation	<u>5,050,515</u>	<u>(226,005)</u>
Historical cost profit/(loss) for the year after taxation	<u>5,050,515</u>	<u>(226,005)</u>

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


# TOPLAND SERVICES LIMITED

## Balance sheet

As at 31 May 2015

	Note	2015 £	£	2014 £	£
<b>Fixed assets</b>					
Tangible assets	9		–		18,421,550
<b>Current assets</b>					
Debtors due within one year	10	5,063,215		102,143	
Debtors due after one year	10	3,000,000		3,000,000	
		<u>8,063,215</u>		<u>3,102,143</u>	
<b>Creditors: Amounts falling due within one year</b>	11	<u>(3,812,052)</u>		<u>(13,864,077)</u>	
<b>Net current liabilities</b>			<u>4,251,163</u>		<u>(10,761,934)</u>
<b>Total assets less current liabilities</b>			<u>4,251,163</u>		<u>7,659,616</u>
<b>Capital and reserves</b>					
Called-up equity share capital	15		1,000		1,000
Revaluation reserve	16		–		8,458,968
Profit and loss account	16		<u>4,250,163</u>		<u>(800,352)</u>
<b>Shareholders' funds</b>	17		<u>4,251,163</u>		<u>7,659,616</u>

These accounts were approved by the directors and authorised for issue on 23 March 2016, and are signed on their behalf by:



E Zakay

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 2015

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### 1. Accounting policies

#### Basis of preparation

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.

On 11 April 2014 the company's lending bank appointed Law of Property Act Receivers to administer the company's investment property with the objective of securing repayment of the company's bank loan and releasing the liabilities associated with the company cross guaranteeing the borrowings of other group companies.

From the date that the Receivers were appointed the directors have not had access to the company's records in relation to its investment property nor have they had control of these assets or received the income from these assets. Because the directors have not had access to the company's records in relation to its investment properties, the directors may therefore not be aware of material transactions after 11 April 2014 which could require adjustment to amounts in the financial statements or require additional disclosures. Furthermore, due to the terms of the cross guarantee any profits earned by the company will be paid to the Receiver under the terms of that agreement.

As the directors have not had access to the company's records they have relied upon information which has been filed at Companies House by the Receiver. This information may not be complete and therefore the company's accounting records would not be accurate.

As a result of the remaining cross guarantee liability being expected to significantly exceed the value of the remaining assets available to make repayment, and that the company is in Receivership (with our expectation being that when the process is complete it is likely that the companies will cease trading and be liquidated), 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 does not have any bank accounts, as these are controlled by the Receiver, thus no cash flow has been presented.

#### 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.

#### 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.

# TOPLAND SERVICES LIMITED

## Notes forming part of the financial statements

Year ended 31 May 2015

### 1. Accounting policies *(continued)*

#### 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.

### 2. Turnover

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

### 3. Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	2015 £	2014 £
Auditor's remuneration		
- audit	-	1,500
- tax compliance services	-	1,250

Audit fees are borne by fellow group companies.

### 4. Particulars of employees

There were no persons employed by the company in the year (2014: nil).

### 5. Loss on disposal of fixed assets

	2015 £	2014 £
Loss on disposal of fixed assets	2,100,632	-

### 6. Directors

No director received any emoluments during the year (2014: £nil).

### 7. Interest payable and similar charges

	2015 £	2014 £
Interest payable on bank borrowing	729,099	627,711
Early loan repayment fees	526,861	-
Other similar charges	-	11,941
	1,255,960	639,652

# TOPLAND SERVICES LIMITED

## Notes forming part of the financial statements

Year ended 31 May 2015

### 8. Taxation on ordinary activities *(continued)*

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 20.83% (2014 - 22.67%).

	2015 £	2014 £
Loss on ordinary activities before taxation	(3,408,453)	(226,005)
Loss on ordinary activities by rate of tax	(710,079)	(51,226)
Group relief	261,125	39,573
Transfer pricing adjustments	11,332	11,653
Profit on disposal of fixed assets	437,622	-
Total current tax	-	-

### 9. Tangible fixed assets

Investment properties:  
freehold land and  
buildings  
£

#### Valuation

At 1 June 2014

Disposals

18,421,550  
(18,421,550)

31 May 2015

-

The investment property has been sold in the current year.

The historical cost of the property is £nil (2014: £9,962,582).

### 10. Debtors

	2015 £	2014 £
Trade debtors	-	1,239
Amounts due from group undertakings	3,000,000	3,000,000
Prepayments and accrued income	-	100,904
Cash held by the Receiver	5,063,215	-
	8,063,215	3,102,143

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

	2015 £	2014 £
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 May 2018.

Amounts held by the Receiver is the net balance of receipt and payment transactions reported by the Receiver and include any excess of proceeds from sale of the property less bank loan repaid to the lender.

# TOPLAND SERVICES LIMITED

## Notes forming part of the financial statements

Year ended 31 May 2015

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

	2015	2014
	£	£
Bank loans	–	11,257,703
Trade creditors	–	592
Amounts owed to group undertakings	2,456,072	2,456,072
Accruals and deferred income	1,355,980	149,710
	<u>3,812,052</u>	<u>13,864,077</u>

The loan was 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 had legal assignment over the rental income of the properties.

The loan has been fully repaid in the current year.

### 12. Provisions for liabilities and charges

No provision has been made for the potential tax liability of £nil (2014: £661,495) which would arise if the investment property was sold at its revalued amount.

### 13. 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 were approximately £310m (of which £11.3m was owed by the company and has been fully repaid in the current year). The records provided by the Receiver indicate that some of the properties charged in respect of the cross guarantee have been sold, the net proceeds of which have been used to repay liabilities arising under the cross guarantee. The records provided by the Receiver indicate that some of the charged assets have been sold for a profit however we anticipate that the remaining cross guarantee liability is expected to significantly exceed the value of the remaining assets available to make repayment.

### 14. Related party transactions

As at 31 May 2015 an amount of £3,000,000 (2014: £3,000,000) was due from Fairland Limited and an amount of £2,456,072 (2014: £2,456,072) was due to Berkley Estates London Limited, fellow subsidiaries.

### 15. Share capital

Allotted, called up and fully paid:

	2015		2014	
	No	£	No	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

### 16. Reserves

	Revaluation reserve	Profit and loss account
	£	£
Balance brought forward	8,458,968	(800,352)
Loss for the year	–	(3,408,453)
Transfer upon disposal of investment property	(8,458,968)	8,458,968
Balance carried forward	<u>–</u>	<u>4,250,163</u>

## TOPLAND SERVICES LIMITED

Notes forming part of the financial statements

Year ended 31 May 2015

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### 17. Reconciliation of movements in shareholders' funds

	2015	2014
	£	£
Loss for the financial year	(3,408,453)	(226,005)
Unrealised profit on revaluation of investment property	—	191,420
Net reduction to shareholders' funds	(3,408,453)	(34,585)
Opening shareholders' funds	7,659,616	7,694,201
Closing shareholders' funds	4,251,163	7,659,616

### 18. 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 Island.