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**PENTAGON RETAIL LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**



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**PENTAGON RETAIL LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2011**

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The directors present their report and the financial statements for the year ended 31 March 2011

**PRINCIPAL ACTIVITIES**

The principal activity of the company is property investment

**DIRECTORS**

The directors who served during the year were

P C Kasch  
G J McCabe  
J C McMahon

**PROVISION OF INFORMATION TO AUDITOR**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

**AUDITOR**

The auditor, Crowe Clark Whitehill LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

This report was approved by the board on 21 December 2011 and signed on its behalf



**P C Kasch**  
Director

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**PENTAGON RETAIL LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2011**

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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 period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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.

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## **PENTAGON RETAIL LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PENTAGON RETAIL LIMITED**

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We have audited the financial statements of Pentagon Retail Limited for the year ended 31 March 2011, set out on pages 5 to 10. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 Auditing Practices Board's Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **QUALIFIED OPINION ON FINANCIAL STATEMENTS ARISING FROM LIMITATION IN AUDIT SCOPE**

We have not been able to confirm the recoverability of debtors amounting to the £12,288,727 owed by the ultimate parent undertaking (see note 5).

Except for the financial effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the recoverability of the amounts owed by the ultimate parent undertaking, in our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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## **PENTAGON RETAIL LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PENTAGON RETAIL LIMITED**

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#### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In respect solely of the limitation on our work relating debtors described above, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

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
- 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 prepare the financial statements and the directors' report in accordance with the small companies regime

#### **EMPHASIS OF MATTER - GOING CONCERN**

In forming our opinion, which is not qualified in this respect, we have considered the adequacy of the disclosure made in note 11. This concerns the preparation of the financial statements on the going concern assumption on the basis that the amounts owed by the ultimate parent undertaking are recoverable.



Martin Israel (Senior statutory auditor)

for and on behalf of  
**Crowe Clark Whitehill LLP**

Statutory Auditor

St Bride's House  
10 Salisbury Square  
London  
EC4Y 8EH

21 December 2011

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PENTAGON RETAIL LIMITED

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PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2011

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	Note	2011 £	2010 £
Administrative expenses		(47,854)	(2,495,544)
<b>OPERATING LOSS</b>	2	(47,854)	(2,495,544)
Interest receivable and similar income		294	6,626
Interest payable and similar charges		(4,804)	179,870
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(52,364)	(2,309,048)
Tax on loss on ordinary activities	3	(49,784)	(80,782)
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(102,148)	(2,389,830)
<b>(LOSS)/PROFIT BROUGHT FORWARD</b>		(1,612,730)	777,100
<b>LOSS CARRIED FORWARD</b>		(1,714,878)	(1,612,730)

The notes on pages 7 to 10 form part of these financial statements

**PENTAGON RETAIL LIMITED**  
**REGISTERED NUMBER. 04252779**

**BALANCE SHEET**  
**AS AT 31 MARCH 2011**

	Note	£	2011 £	2010 £
<b>FIXED ASSETS</b>				
Investments	4		125,060	125,060
<b>CURRENT ASSETS</b>				
Debtors	5	12,292,598	13,074,004	
Cash at bank		21,532	1,781,385	
		<u>12,314,130</u>	<u>14,855,389</u>	
<b>CREDITORS:</b> amounts falling due within one year	6	(354,068)	(396,665)	
<b>NET CURRENT ASSETS</b>			<u>11,960,062</u>	<u>14,458,724</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>12,085,122</u>	<u>14,583,784</u>
<b>PROVISIONS FOR LIABILITIES</b>				
Other provisions	7		-	(2,396,514)
<b>NET ASSETS</b>			<u>12,085,122</u>	<u>12,187,270</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	8		13,800,000	13,800,000
Profit and loss account			(1,714,878)	(1,612,730)
<b>SHAREHOLDERS' FUNDS</b>			<u>12,085,122</u>	<u>12,187,270</u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 December 2011



**P C Kasch**  
Director

The notes on pages 7 to 10 form part of these financial statements

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PENTAGON RETAIL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011

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**1 ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The company is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

In preparing the financial statements on the going concern basis the directors have paid due regard to the company's cash flow forecasts for the twelve months from the date the financial statements have been approved and in particular the recoverability of the amounts owed by the ultimate parent undertaking (see note 5)

**1.2 Investments**

Investments held as fixed assets are shown at cost less provision for impairment

**2. OPERATING LOSS**

The operating loss is stated after charging

	2011 £	2010 £
Auditors' remuneration	12,000	15,000

During the year, no director received any emoluments (2010 - £NIL)

See note 7 for details of the exceptional administrative expense charged during the previous year

**3 TAXATION**

	2011 £	2010 £
<b>Analysis of tax charge in the year</b>		
UK corporation tax charge on loss for the year	50,667	80,782
Adjustments in respect of prior periods	(883)	-
<b>Tax on loss on ordinary activities</b>	<b>49,784</b>	<b>80,782</b>



**PENTAGON RETAIL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011**

**3 TAXATION (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2010 - *higher than*) the standard rate of corporation tax in the UK of 28% (2010 - 28%) The differences are explained below

	2011 £	2010 £
Loss on ordinary activities before tax	<u>(52,364)</u>	<u>(2,309,048)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2010 - 28%)	<u>(14,662)</u>	<u>(646,533)</u>
<b>Effects of</b>		
Permanent differences	2,523	6,047
Transfer pricing adjustment	65,552	86,402
Group relief	(2,746)	(36,155)
Provision (see note 7)	-	671,021
Adjustments to tax charge in respect of prior periods	(883)	-
<b>Current tax charge for the year</b> (see note above)	<u><u>49,784</u></u>	<u><u>80,782</u></u>

**4 FIXED ASSET INVESTMENTS**

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 April 2010 and 31 March 2011	<u>226,926</u>
<b>Impairment</b>	
At 1 April 2010 and 31 March 2011	<u>101,866</u>
<b>Net book value</b>	
At 31 March 2011	<u><u>125,060</u></u>
At 31 March 2010	<u><u>125,060</u></u>

At 31 March 2011 the company had at its principal subsidiary undertaking Dunwilco (940) Limited ("D940") D940 is wholly owned and has a 31 March accounting reference date

D940 was dormant during the current year and previous year and had capital and reserves at 31 March 2011 of £125,000 (2010 £125,000)

**PENTAGON RETAIL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011**

**5. DEBTORS**

	2011 £	2010 £
Amounts owed by ultimate parent undertaking	12,288,727	13,072,821
Other debtors	3,871	1,183
	<u>12,292,598</u>	<u>13,074,004</u>

**6. CREDITORS:  
Amounts falling due within one year**

	2011 £	2010 £
Amounts owed to group undertakings Dunwilco (940) Limited	125,000	125,000
Corporation tax	131,451	195,075
Amounts owed to group undertakings . dormant subsidiaries	60	60
Other creditors	97,557	76,530
	<u>354,068</u>	<u>396,665</u>

**7. PROVISIONS**

	£
At 1 April 2010	2,396,514
Amounts utilised	<u>(2,396,514)</u>
At 31 March 2011	<u>-</u>

A £2,396,514 exceptional administrative expense was charged in the previous year's profit and loss account in respect of amounts incurred by the company settling Transon Holdings Limited's ("THL") outstanding corporation tax and associated interest liabilities. The amounts were advanced to THL during the current year and are not considered recoverable as a result of THL having no assets.

THL is a wholly owned subsidiary of the company

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**PENTAGON RETAIL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011**

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**8. SHARE CAPITAL**

	2011 £	2010 £
<b>Allotted, called up and fully paid</b>		
6,550,000 Ordinary 'A' shares of £1 each	6,550,000	6,550,000
6,550,000 Ordinary 'B' shares of £1 each	6,550,000	6,550,000
700,000 Ordinary 'C' shares of £1 each	700,000	700,000
	<u>13,800,000</u>	<u>13,800,000</u>

The rights of the Ordinary 'A', 'B' and 'C' shares are identical

**9. RELATED PARTY TRANSACTIONS**

**a Non Group Undertakings**

P C Kasch is a director of the company and a designated member of Catalyst Capital LLP ("CC LLP"). He is also a director of Catalyst Quail Limited ("Quail") Quail holds all of the Ordinary 'C' shares in the company's ultimate parent undertaking

£23,125 (2010 £17,500) monitoring fees payable to CC LLP accrued during the year

Uberior Ventures Limited ("Uberior") holds all of the 'A' shares in the company's ultimate parent undertaking.

£Nil (2010 £15,000) monitoring fees payable to Uberior accrued during the year

J C McMahon is a director of the company and a director of West Coast Capital (Shopping Centres) Limited ("WCC") WCC holds all of the Ordinary 'B' shares in the company's ultimate parent undertaking.

£Nil (2010 £15,000) monitoring fees payable to WCC accrued during the year.

**10. PARENT UNDERTAKING**

Continental Shelf 225 Limited ("CS 225") is the company's immediate and ultimate parent undertaking.

CS 225 does not prepare consolidated financial statements