

TOPLAND TRAFFORD PARK LIMITED

Financial statements

31 May 2016

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TOPLAND TRAFFORD PARK LIMITED

Financial statements

Year ended 31 May 2016

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TOPLAND TRAFFORD PARK LIMITED

Officers and professional advisers

The board of directors	S Zakay E Zakay C F Moharm
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 TRAFFORD PARK LIMITED

Directors report

Year ended 31 May 2016

The directors present their report and the financial statements of the company for the year ended 31 May 2016.

Principal activities

The entity is a private company, limited by shares and incorporated in England and Wales. The principal activity is that of property investment. The result for the year is shown on page 6.

As explained in note 2 to the financial statements, 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 which were secured under the cross guarantee were approximately £310m. The records provided by the Receiver indicate that all 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 net proceeds which have reported by the Receiver on sale of the properties was not sufficient to repay the bank loan and the remaining cross guarantee liability is expected to significantly exceed the value of any 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 2 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 F Moharm

C E Bush

(Resigned 30 September 2015)

Change in financial reporting framework

This is the first set of financial statements prepared by Topland Trafford Park Limited in accordance with accounting standards issued by the Financial Reporting Council including FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS102'). The company transitioned from previously extant UK GAAP to FRS102 as at 1 June 2014. Refer to the 'Transition to FRS102' note for further details.

Directors responsibilities statement

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) including Financial Reporting Standard 102 section 1A, Smaller Entities, "The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)". 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 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 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 2 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.

TOPLAND TRAFFORD PARK LIMITED

Directors report *(continued)*

Year ended 31 May 2016

Directors responsibilities *(continued)*

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.

As explained in Note 2 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

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have 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.

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

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 23 February 2017 and signed on behalf of the board by:



C F Moharm
Company Secretary

TOPLAND TRAFFORD PARK LIMITED

Independent auditor's report to the shareholders of Topland Trafford Park Limited

Year ended 31 May 2016

We were engaged to audit the financial statements of Topland Trafford Park Limited for the year ended 31 May 2016 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity 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 shareholders, 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 shareholders 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 shareholders 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 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.

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. The records provided by the Receiver indicate that all 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. Owing to the fact that the company's accounting records in respect of the property are with the Receiver and that the directors have been provided with limited 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 matter described in the basis for disclaimer of opinion on 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.

TOPLAND TRAFFORD PARK LIMITED

Independent auditor's report to the shareholders of Topland Trafford Park Limited *(continued)*

Year ended 31 May 2016

Emphasis of matter

We have considered the adequacy of the disclosures made in note 2 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 matter 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.

Based on our knowledge and understanding of the company and its environment obtained during the course of the audit we have identified no material misstatements in the directors report.

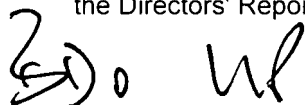
Matters on which we are required to report by exception

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.



Richard Levy (Senior Statutory Auditor)

For and on behalf of
BDO LLP
55 Baker Street
London
W1U 7EU

23 February 2017

BDO LLP is a Limited Liability Partnership registered in England and Wales (with registered no. OC305127).

TOPLAND TRAFFORD PARK LIMITED

Statement of comprehensive income

Year ended 31 May 2016

	Note	2016 £	2015 £
Turnover	4	1,208,670	1,918,969
Property expenses		(84,560)	11,761
Gross profit		1,124,110	1,930,730
Administrative expenses		(4,764)	(614)
Provision for group doubtful debts		(617,471)	(559,385)
Gain on disposal of investment property		7,780,114	–
Operating profit	5	8,281,989	1,370,731
Other interest receivable and similar income	8	622,292	560,133
Interest payable and similar charges	9	(537,652)	(2,325,102)
Profit/(loss) on ordinary activities before taxation		8,366,629	(394,238)
Tax on profit/(loss) on ordinary activities	10	643,971	23,658
Profit/(loss) for the financial year and total comprehensive income		9,010,600	(370,580)

All the activities of the company are from discontinued activities

The notes on pages 9 to 16 form part of these financial statements.

TOPLAND TRAFFORD PARK LIMITED

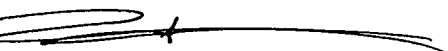
Statement of financial position

31 May 2016

	Note	2016 £	2015 £
Fixed assets			
Investment property	11	–	17,000,000
Current assets			
Debtors	12	7,775,226	624,092
Creditors: amounts falling due within one year	13	(3,729,502)	(21,944,997)
Net current assets/(liabilities)		4,045,724	(21,320,905)
Total assets less current liabilities		4,045,724	(4,320,905)
Provisions			
Taxation including deferred tax	15	–	(643,971)
Net assets/(liabilities)		4,045,724	(4,964,876)
Capital and reserves			
Called up share capital	18	1,288,043	1,288,043
Profit and loss account	19	2,757,681	(6,252,919)
Shareholders funds/(deficit)		4,045,724	(4,964,876)

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the board of directors and authorised for issue on 23 February 2017, and are signed on behalf of the board by:



E Zakay
Director

Company registration number: 04410204

The notes on pages 9 to 16 form part of these financial statements.

TOPLAND TRAFFORD PARK LIMITED

Statement of changes in equity

Year ended 31 May 2016

	Called up share capital £	Profit and loss account £	Total £
At 1 June 2014	1,288,043	(5,882,339)	(4,594,296)
Loss for the year	—	(370,580)	(370,580)
Total comprehensive income for the year	—	(370,580)	(370,580)
At 31 May 2015	1,288,043	(6,252,919)	(4,964,876)
Profit for the year	—	9,010,600	9,010,600
Total comprehensive income for the year	—	9,010,600	9,010,600
At 31 May 2016	<u>1,288,043</u>	<u>2,757,681</u>	<u>4,045,724</u>

The notes on pages 9 to 16 form part of these financial statements.

TOPLAND TRAFFORD PARK LIMITED

Notes to the financial statements

Year ended 31 May 2016

1. Statement of compliance

These financial statements have been prepared in compliance with FRS 102 Section 1A, Smaller Entities, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'. This is the first set of financial statements prepared by Topland Trafford Park Limited in accordance with the accounting standards issued by the Financial Reporting Council, including FRS102 Section 1A, Smaller Entities, 'The Financial Reporting Standard applicable to the UK and Republic of Ireland ("FRS102")'.

2. Accounting policies

Basis of preparation

The following principal accounting policies have been applied:

Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items:

- Financial instruments
- Investment property

The preparation of financial statements in compliance with FRS 102 Section 1A Small Entities requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies.

Going concern

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.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 section 1A, Smaller Entities as at 1 June 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 23.

TOPLAND TRAFFORD PARK LIMITED

Notes to the financial statements *(continued)*

Year ended 31 May 2016

2. Accounting policies *(continued)*

Disclosure exemptions

The company satisfies the criteria of being a qualifying entity as defined in FRS102 Section 1A. As such, advantage has been taken of the following disclosure exemptions under FRS102 Section 1A.

No Statement of Cash Flow has been presented.

Revenue recognition

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

Current and deferred tax

The tax expense is made up of current and deferred tax. Tax expense is recognised in profit and loss, except tax attributable to an income or expense recognised as other comprehensive income or recognised directly in equity, which is recognised as other comprehensive income or directly to equity as appropriate.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that 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.

Current and deferred tax is calculated using the tax rates and laws enacted or substantively enacted by the reporting date.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than its legal form.

Financial liabilities that are not classified as financial instruments are recorded at transaction cost. All changes to transaction cost are recognised in profit and loss account.

Financial Assets

Financial assets are classified according to the substance of the financial instrument's contractual obligations, rather than its legal form.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit and loss account immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

TOPLAND TRAFFORD PARK LIMITED

Notes to the financial statements *(continued)*

Year ended 31 May 2016

2. Accounting policies *(continued)*

Investment properties

Investment properties are stated at fair value, using the principles set out in notes 3 and 10.

The directors revalue the investment property annually to fair value with the aggregate surplus or deficit being recognised in profit or loss. Acquisitions and disposals are recognised on the unconditional exchange of contracts for sale/purchase.

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.

3. Judgements and key sources of estimation uncertainty

The preparation of financial statements in accordance with FRS 102, section 1A, smaller entities, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, requires the use of certain critical accounting estimates and judgements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on Directors' best knowledge of the amount, event or actions, actual results may differ from those estimates. The following is intended to provide an understanding of the policies that the Directors' consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on the financial statements.

Investment property valuation

Investment property is revalued annually to fair value using an income capitalisation technique. The valuation is prepared by the Directors, based upon assumptions including future rental value, anticipated property costs, future development costs and the appropriate discount rate. Reference is also made to market evidence of transaction prices for similar properties. More information is provided in the 'Investment Properties' note.

Recoverability of debtors

The recoverability of debtors is assessed based on factors specific to each individual debtor.

4. Turnover

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

5. Operating profit

Operating profit or loss is stated after crediting:

	2016 £	2015 £
Gains on disposal of investment property	(7,780,114)	–

The audit fees are borne by a fellow subsidiary of the group headed by Topland Group Holdings Limited.

6. Particulars of employees

There were no persons employed by the company in the year (2015: nil).

TOPLAND TRAFFORD PARK LIMITED

Notes to the financial statements (continued)

Year ended 31 May 2016

7. Directors

No director received any emoluments during the year (2015: £nil).

8. Other interest receivable and similar income

	2016 £	2015 £
Interest on cash and cash equivalents	4,821	748
Effective interest from interest free intercompany loans	617,471	559,385
	<u>622,292</u>	<u>560,133</u>

9. Interest payable and similar charges

	2016 £	2015 £
Interest on banks loans and overdrafts	537,652	1,636,336
Early loan repayment fees	–	688,766
	<u>537,652</u>	<u>2,325,102</u>

10. Tax on profit/(loss) on ordinary activities

Major components of tax income

	2016 £	2015 £
Deferred tax:		
Origination and reversal of timing differences	(643,971)	(23,658)
Tax on profit/(loss) on ordinary activities	<u>(643,971)</u>	<u>(23,658)</u>

No taxation charge arises on the profit for the year.

Reconciliation of tax income

The tax assessed on the profit on ordinary activities for the year is lower than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 20.83%).

	2016 £	2015 £
Profit/(loss) on ordinary activities before taxation	8,366,629	(394,238)
Profit/(loss) on ordinary activities by rate of tax	1,673,326	(82,131)
Adjustment to tax charge in respect of prior periods	–	(26,798)
Effect of expenses not deductible for tax purposes	(2,112,606)	120,032
Effect of different UK tax rates on some earnings	–	(8,718)
Group relief	(207,118)	(79,662)
Transfer pricing adjustments	2,427	53,619
Tax on profit/(loss) on ordinary activities	<u>(643,971)</u>	<u>(23,658)</u>

TOPLAND TRAFFORD PARK LIMITED

Notes to the financial statements *(continued)*

Year ended 31 May 2016

11. Investment property

	Freehold land and buildings £
Valuation	
At 1 June 2015	17,000,000
Disposals	(17,000,000)
At 31 May 2016	–
Carrying amount	
At 31 May 2016	–
At 31 May 2015	17,000,000

The investment property has not been revalued by the directors since the Receiver was appointed.

The historical cost of the property is £nil (2015: £17,519,019).

12. Debtors

	2016 £	2015 £
Amounts owed by group undertakings	213,879	213,879
Amounts held by the Receiver	7,557,672	409,763
Other debtors	3,675	450
	7,775,226	624,092

Amounts due from fellow subsidiaries bear no interest and are recoverable on demand.

A loan owed by a fellow subsidiary bears no interest and £8,000,000 (2015:£8,000,000) is repayable in May 2018 as a lump sum. Effective interest is charged at 10.38%. This amount has been fully provided against at 31 May 2016 and 31 May 2015.

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

13. Creditors: amounts falling due within one year

	2016 £	2015 £
Bank loans	–	18,929,972
Accruals and deferred income	3,168,288	2,630,636
Social security and other taxes	561,214	384,389
	3,729,502	21,944,997

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

The loan is in default and payable on demand. Interest was charged at a default rate of 7.567% with an additional 2% charged on the interest accrued as at 31 May 2015.

TOPLAND TRAFFORD PARK LIMITED

Notes to the financial statements (continued)

Year ended 31 May 2016

14. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2016 £	2015 £
Included in provisions (note 15)	–	643,971

The deferred tax account consists of the tax effect of timing differences in respect of:

	2016 £	2015 £
Accelerated capital allowances	–	643,971

15. Provisions

	Total £
At 1 June 2015	643,971
Charge against provision	(643,971)
	–

16. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2016 £	2015 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	7,775,226	624,092
Financial liabilities		
Financial liabilities measured at amortised cost	–	18,929,972

Financial assets measured at amortised cost comprise amounts held by the Receiver, other debtors, amounts owed by fellow subsidiaries.

Financial liabilities measured at amortised cost comprise bank loans.

17. Prior period errors

In the year ended 31 May 2014 the company overprovided for deferred tax by an amount of £427,865, and by £12,664 in the year ended 31 May 2015. The comparatives presented this year include adjustment for overprovided deferred tax which has increased net assets and reserves by £440,529.

18. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No 1,000	£ 1,000	No 1,000	£ 1,000
Ordinary shares of £1 each				
Voting redeemable preference shares of £1 each	1,287,043	1,287,043	1,287,043	1,287,043
	<u>1,288,043</u>	<u>1,288,043</u>	<u>1,288,043</u>	<u>1,288,043</u>

19. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

TOPLAND TRAFFORD PARK LIMITED

Notes to the financial statements (continued)

Year ended 31 May 2016

20. Contingencies

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. 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 all 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.

21. Related party transactions

At the year end, an amount of £213,879 (2015: £213,879) was due from a fellow subsidiary.

A loan with a fair value of £6,563,881 (2015: £5,946,410) was due from a fellow subsidiary. The loan terms and further details are in note 11. The amounts were fully provided against at 31 May 2016 and 31 May 2015.

22. Controlling party

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 immediate parent company is Topland Group Holdings Limited.

The ultimate parent company and controlling party is Topland Group Holdings International Limited, a company incorporated in the British Virgin Islands.

23. Transition to FRS 102

These are the first financial statements that comply with FRS 102 section 1A, Smaller Entities. The company transitioned to FRS 102 section 1A, Smaller Entities on 1 June 2014.

Until the 31 May 2015 the Company reported under previous UK GAAP. The changes to previously reported profit and equity are noted in the table and explanatory notes.

Company	Note	Profit/(Loss) for the year		
		Equity as at 1 June 2014 £	ended 31 May 2015 £	Equity as at 31 May 2015 £
As stated under former UK GAAP		3,431,978	(383,244)	3,048,734
Transitional adjustments				
Reversal of Deferred tax discount	a	(454,139)	–	(454,139)
Recognition of group loans receivable at present value at inception	b	(4,598,084)	–	(4,598,084)
Effective interest receivable on interest free group loans	b	1,985,109	559,385	2,544,494
Adjustment to provisions against group balances receivable	b	(5,387,025)	(559,385)	(5,946,410)
As stated in accordance with FRS 102		<u>(5,022,161)</u>	<u>(383,244)</u>	<u>(5,405,405)</u>

TOPLAND TRAFFORD PARK LIMITED

Notes to the financial statements *(continued)*

Year ended 31 May 2016

23. Transition to FRS 102 *(continued)*

Explanation of changes to previously reported profit and equity:

(a) FRS102 does not allow the discounting of deferred tax which was allowed under UK GAAP. This change has been retrospectively applied, leading to the recognition of additional deferred tax liabilities at the date of transition and to increase the deferred tax charge;

(b) FRS 102 requires that intergroup loans that are repayable after one year, and that are not interest bearing or bear interest at below market rate, be remeasured at present value. Subsequently such loans are held at amortised cost. Under previous UK GAAP, the group's accounting policy for long term intergroup loans was to measure them at cost less impairments. The effect of the change has been to decrease the value of initial recognition of the loan and to increase the annual interest payable on the loan.