

Company Registration No. 04486032 (England and Wales)

TONSTATE (RETAIL) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2016
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TONSTATE (RETAIL) LIMITED

COMPANY INFORMATION

Directors	Dr E O Wojakowski Tonstate Group Limited Mr N Smith
Secretary	Mr N Smith
Company number	04486032
Registered office	3 Park Place St James's London SW1A 1LP
Auditor	H W Fisher & Company Acre House 11-15 William Road London NW1 3ER United Kingdom
Business address	3 Park Place St James's London SW1A 1LP
Bankers	The Royal Bank of Scotland 97 New Bond Street London W1S 1EU
Solicitors	Squire Patton Boggs (UK) LLP 7 Devonshire Square London EC2M 4YH Pinsent Masons LLP 30 Crown Place London EC2A 4ES

TONSTATE (RETAIL) LIMITED

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TONSTATE (RETAIL) LIMITED

BALANCE SHEET

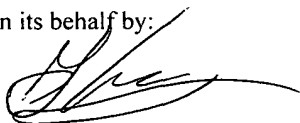
AS AT 30 SEPTEMBER 2016

	Notes	2016 £	2015 £
Fixed assets			
Investment properties	3	6,850,000	7,010,000
Current assets			
Debtors	4	20,000	20,045
Cash at bank and in hand		29,602	141,058
		49,602	161,103
Creditors: amounts falling due within one year	5	(2,320,130)	(2,220,171)
Net current liabilities		(2,270,528)	(2,059,068)
Total assets less current liabilities		4,579,472	4,950,932
Creditors: amounts falling due after more than one year	6	(4,052,570)	(4,250,592)
Net assets		526,902	700,340
Capital and reserves			
Called up share capital	7	1,000	1,000
Other reserves		1,345,695	1,505,695
Profit and loss reserves		(819,793)	(806,355)
Total equity		526,902	700,340

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

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

The financial statements were approved by the board of directors and authorised for issue on 29 June 2017 and are signed on its behalf by:



Mr A I Matyas
for and on behalf of Tonstate Group Limited

Company Registration No. 04486032

TONSTATE (RETAIL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

1. Accounting policies

Company information

Tonstate (Retail) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 3 Park Place, St James's, London, SW1A 1LP.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the period ended 30 September 2016 are the first financial statements of Tonstate (Retail) Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 9.

The current figures relate to the 18 month period ended 30 September 2016. The comparatives are for the 12 month period from 1 April 2014 to 31st March 2015. Therefore the comparative amounts presented in the financial statements are not entirely comparable.

1.2 Turnover

The total turnover of the company for the year has been derived from principal activity wholly undertaken in the United Kingdom.

1.3 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account. The fair value movements in investment property valuations are then transferred out of the profit and loss reserves into other reserves.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

1.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

TONSTATE (RETAIL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

1 Accounting policies

(Continued)

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

TONSTATE (RETAIL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

2 Employees

The average monthly number of persons (including directors) employed by the company during the period was 0 (2015 - 0).

3 Investment property

	2016 £
Fair value	
At 1 April 2015	7,010,000
Revaluations	(160,000)
At 30 September 2016	<u>6,850,000</u>

TONSTATE (RETAIL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

4 Debtors

	2016	2015
	£	£
Amounts falling due within one year:		
Amounts due from associate undertakings	20,000	20,000
Other debtors	-	1
Prepayments and accrued income	-	44
	<u>20,000</u>	<u>20,045</u>

5 Creditors: amounts falling due within one year

	2016	2015
Notes	£	£
Bank loans and overdrafts	138,850	138,850
Amount due to joint venture parties	348,124	305,775
Amounts due to undertakings in which the company has a participating interest	1,691,013	1,634,669
Other taxation and social security	23,617	22,608
Accruals and deferred income	118,526	118,269
	<u>2,320,130</u>	<u>2,220,171</u>

6 Creditors: amounts falling due after more than one year

	2016	2015
Notes	£	£
Bank loans and overdrafts	3,232,777	3,444,237
Derivative financial instruments	819,793	806,355
	<u>4,052,570</u>	<u>4,250,592</u>

The loan attracts interest at LIBOR.

The loans are secured with a first legal charge on the company's property.

In addition, the entity also had an interest rate swap arrangement in place throughout the year. The arrangement is such that the company incurs an annual fixed interest charge of 4.89% on a notional amount based upon the outstanding balance of the loan. In return the company receives interest at a floating rate of Libor.

Amounts included above which fall due after five years are as follows:

Payable by instalments	<u>2,705,299</u>	<u>2,797,585</u>
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TONSTATE (RETAIL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

7 Called up share capital

	2016	2015
	£	£
Ordinary share capital		
Authorised		
260 Ordinary A shares of £1 each	260	260
740 Ordinary B shares of £1 each	740	740
	<u>1,000</u>	<u>1,000</u>
Issued and fully paid		
1,000 Ordinary A shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

The Ordinary A share carry 3 votes per share, and the Ordinary B share carry 1 vote per share.

8 Amounts transferred to joint venture parties

The profits or losses of Tonstate (Retail) Limited are distributed to the joint venture parties in accordance with the joint venture agreement. The profit or loss will be treated as income or loss of the ultimate receiving party who will also account for any tax due thereon.

TONSTATE (RETAIL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

9 Reconciliations on adoption of FRS 102

Reconciliation of equity

Notes	At 1 April 2014			At 31 March 2015		
	Previous UK GAAP £	Effect of transition £	FRS 102 £	Previous UK GAAP £	Effect of transition £	FRS 102 £
Fixed assets						
Investment properties	7,010,000	-	7,010,000	7,010,000	-	7,010,000
Current assets						
Debtors	22,514	-	22,514	20,045	-	20,045
Bank and cash	293,093	-	293,093	141,058	-	141,058
	315,607	-	315,607	161,103	-	161,103
Creditors due within one year						
Loans and overdrafts	(130,771)	-	(130,771)	(138,850)	-	(138,850)
Taxation	(24,562)	-	(24,562)	(22,608)	-	(22,608)
Other creditors	(2,080,492)	-	(2,080,492)	(2,058,713)	-	(2,058,713)
	(2,235,825)	-	(2,235,825)	(2,220,171)	-	(2,220,171)
Net current liabilities	(1,920,218)	-	(1,920,218)	(2,059,068)	-	(2,059,068)
Total assets less current liabilities	5,089,782	-	5,089,782	4,950,932	-	4,950,932
Creditors due after one year						
Loans and overdrafts	(3,583,087)	-	(3,583,087)	(3,444,237)	-	(3,444,237)
Derivatives 1	-	(648,936)	(648,936)	-	(806,355)	(806,355)
	(3,583,087)	(648,936)	(4,232,023)	(3,444,237)	(806,355)	(4,250,592)
Net assets	1,506,695	(648,936)	857,759	1,506,695	(806,355)	700,340
Capital and reserves						
Share capital	1,000	-	1,000	1,000	-	1,000
Revaluation reserve 2	1,505,695	(1,505,695)	-	1,505,695	(1,505,695)	-
Other reserves 2	-	1,505,695	1,505,695	-	1,505,695	1,505,695
Profit and loss	-	(648,936)	(648,936)	-	(806,355)	(806,355)
Total equity	1,506,695	(648,936)	857,759	1,506,695	(806,355)	700,340

TONSTATE (RETAIL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

9 Reconciliations on adoption of FRS 102

(Continued)

Reconciliation of profit for the financial period

	Notes	Year ended 31 March 2015		FRS 102
		Previous UK GAAP £	Effect of transition £	
Turnover		487,136	-	487,136
Administrative expenses		(4,722)	-	(4,722)
Interest receivable and similar income		1,031	-	1,031
Interest payable and similar expenses	1	(223,940)	158,121	(65,819)
Fair value gains and losses on interest rate swap	1	-	(315,540)	(315,540)
Profit before taxation		259,505	(157,419)	102,086
Taxation		-	-	-
Profit for the financial period		259,505	(157,419)	102,086

Notes to reconciliations on adoption of FRS 102

1) Interest rate swaps

In accordance with FRS 102, the fair value of a derivative financial instruments is recognised on transition. A financial liability has been recognised within creditors due in more than one year. The movement in the fair value of the derivative financial instrument is recognised through the profit and loss account.

2) Investment properties

Under FRS 102, the revaluation reserve cannot include the revaluation in relation to investment properties. On transition, the revaluation reserve has been transferred to the profit and loss reserves and then transferred to other reserves. Previously under UK GAAP property revaluations were recognised in the revaluation reserve.

10 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006.

The auditor's report was unqualified.

The senior statutory auditor was Alan Lester.

The auditor was H W Fisher & Company.