

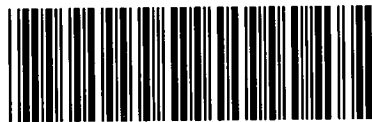
COMPANY REGISTRATION NUMBER 08561354

TCS (Merrion House JVCO1) Limited

Financial statements

30 June 2019

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TCS (Merrion House JVCO1) Limited

Financial statements

Year ended 30 June 2019

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TCS (Merrion House JVCO1) Limited

Directors and advisors

The board of directors

E M Ziff
L M Shillaw
M J Dilley

Registered office

Town Centre House
The Merrion Centre
Leeds
West Yorkshire
LS2 8LY

Independent auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Bankers

Lloyds Banking Group plc

The Royal Bank of Scotland plc

Svenska Handelsbanken AB (Publ)

TCS (Merrion House JVCO1) Limited

Directors' report

Year ended 30 June 2019

The directors present their annual report and the audited financial statements of the Company for the year ended 30 June 2019.

Principal activities and business review

The principal activity of the Company during the year was a holding company for a joint venture interest in Merrion House LLP.

On 23 July 2018 the Company received a capital distribution from Merrion House LLP of £27.3m. This was subsequently transferred to the parent company.

Future outlook and going concern

The company is currently expected to operate only as a holding company. The performance of the company is in line with the previous year and also with directors' expectations. In preparing these financial statements the Directors have made a judgement around the ability of the Company to continue as a going concern in light of the ongoing Covid-19 pandemic. Details of these considerations can be seen in note 1.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the Company are considered to relate to the risk of recession in the UK economy and the impact this may have on the trading of its subsidiaries.

Key performance indicators ("KPI's")

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Results and dividends

The only transactions during the year relate to income from a 50% share in a subsidiary. The directors have not recommended a dividend.

Financial risk management

The directors work to minimise risks in the course of the business. The company is a wholly owned subsidiary of Town Centre Securities PLC therefore financial risk management is considered on a group level.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

E M Ziff
R A Lewis (resigned 20 November 2018)
L M Shillaw (appointed 20 November 2018)
M J Dilley

The directors did not hold any shares in the company.

TCS (Merrion House JVCO1) Limited

Directors' report *(continued)*

Year ended 30 June 2019

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). 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 judgements and accounting estimates that are reasonable and prudent; and
- 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.

Statement of disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

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 23 June 2020 and signed on its behalf

M J Diller
Director



TCS (Merrion House JVCO1) Limited

Independent auditor's report to the members of TCS (Merrion House JVCO1) Limited

Opinion

We have audited the financial statements of TCS (Merrion House JVCO1) Limited ("the Company") for the year ended 30 June 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to Note 1 to the financial statements, which indicates the directors' considerations over going concern including the potential impact of the current COVID-19 outbreak and that the Company is reliant on the continued financial support of the Group in order to continue as a going concern. As stated in note 1, these events or conditions, along with other matters as set out in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

TCS (Merrion House JVCO1) Limited

Independent auditor's report to the members of TCS (Merrion House JVCO1) Limited (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

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, and for such internal control as the Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

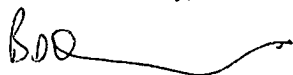
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.



Russell Field (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom
24 June 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

TCS (Merrion House JVCO1) Limited

Statement of comprehensive income

Year ended 30 June 2019

	Note	2019 £	2018 £
Income from joint ventures		404,500	1,023,253
Profit before taxation		404,500	1,023,253
Tax on profit	3	-	-
Profit for the financial year		404,500	1,023,253
Other comprehensive income for the year		-	-
Total comprehensive income for the year		404,500	1,023,253

All of the activities of the Company are classed as continuing.

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

The notes on pages 9 to 11 form part of these financial statements.

TCS (Merrion House JVCO1) Limited

Balance sheet

As at 30 June 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	4	900,917	27,962,584
Current assets			
Debtors	5	11,896,895	413,289
Current liabilities			
Creditors - amounts owed to group undertakings		-	(15,982,561)
Net assets		<u>12,797,812</u>	<u>12,393,312</u>
Capital and reserves			
Called up share capital	6	10,000,001	10,000,001
Retained earnings		<u>2,797,811</u>	<u>2,393,311</u>
Total shareholders' funds		<u>12,797,812</u>	<u>12,393,312</u>

The financial statements were approved by the board of directors and authorised for issue on 23 June 2020 and signed on its behalf by:


M J Dilley
Director

Company Registration Number: 08561354

The notes on pages 9 to 11 form part of these financial statements.

TCS (Merrion House JVCO1) Limited

Statement of changes in equity

Year ended 30 June 2019

	Share capital	Retained earnings	Total equity
	£	£	£
Balance at 1 July 2017	10,000,001	1,370,058	11,370,059
Comprehensive income for the year			
Profit for the financial year	-	1,023,253	1,023,253
Total comprehensive income	-	1,023,253	1,023,253
Balance at 30 June 2018	<u>10,000,001</u>	<u>2,393,311</u>	<u>12,393,312</u>
Comprehensive income for the year			
Profit for the financial year	-	404,500	404,500
Total comprehensive income	-	404,500	404,500
Balance at 30 June 2019	<u>10,000,001</u>	<u>2,797,811</u>	<u>12,797,812</u>

The notes on pages 9 to 11 form part of these financial statements.

TCS (Merrion House JVCO1) Limited

Notes to the financial statements

Year ended 30 June 2019

1. Accounting policies

Basis of preparation

TCS (Merrion House JVCO1) Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the Directors' report. The financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies. The financial statements are prepared in GBP and are rounded to the nearest £. The principal accounting policies, which have been applied consistently, are as set out below.

The principal activity of the Company during the year was a holding company for a joint venture interest in Merrion House LLP.

In making their assessment of the ability of the Company to continue as a going concern the directors have considered the impact of Covid 19 on both the liquidity and compliance with bank loan covenants of the Group as a whole (being the Group headed by Town Centre Securities plc). This approach is considered appropriate on the basis that all external funding is held within the parent company, Town Centre Securities plc. The company has obtained a support letter from Town Centre Securities plc to confirm that any ongoing funding required will be available to the Company for a period of not less than 12 months from the date these financial statements are signed. As such, the below assessment represents the Group position.

The Group owns a portfolio of multi-let regional property assets located throughout the UK, and operates a car parking business. The business is funded in part by a £106m debenture which is due for repayment in 2031. In addition the business has three bilateral RCF facilities totalling £103m which are due for repayment or renewal between April 2021 and June 2023. The business is in the process of renewing the facility that matures in 2021. In order to assess the potential impact of Covid 19 on the Group and its ability to continue as a going concern, management have analysed the portfolio's tenant base and car parking operation and produced forecasts to 30 June 2021. These forecasts reflect management's view of a worst case scenario including assumptions that rent receipts are materially lower than normally experienced and that the car park and hotel businesses recovers over the forecast period to a materially lower level than would normally be expected.

These forecasts show that the group has sufficient resources to continue to operate as a going concern for at least the next 12 months. Based on the forecasts, including the mitigating options utilised such as the government approved furlough scheme and VAT and PAYE pay deferral available to the Group the directors consider it appropriate to prepare these financial statements on the going concern basis.

However, the debt facilities include an interest cover covenant and a loan to value covenant. The Group is currently in compliance with all of its covenants. Were there to be a deterioration in rent collection or sentiment towards the value of these assets as a result of Covid 19 there is a possibility that these covenants could be breached. Whilst these forecasts provide robust support, in light of the uncertainty in respect of the adverse impacts of Covid 19, its duration, the ability of the Group to obtain loan covenant waivers if required and the current bank facility renewal, a material uncertainty exists which may cast significant doubt on the Group's ability, and therefore because of the above mentioned reliance on the group, the Company's ability to continue as a going concern and therefore its ability to realise its assets and settle its liabilities within the ordinary course of business.

These financial statements do not include the adjustments that would be necessary should the going concern basis of preparation no longer be appropriate.

TCS (Merrion House JVCO1) Limited

Notes to the financial statements (continued)

Year ended 30 June 2019

1. Accounting policies (continued)

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Town Centre Securities plc for the period ended 30 June 2019 and these financial statements may be obtained from the registered office.

Consolidation exemption

The financial statements contain information about TCS (Merrion House JVCO1) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption conferred by s400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in the EEA consolidated accounts of a larger group.

Investments

Investments are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Judgements in applying accounting policies and key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value amounts of assets and liabilities within the next financial year are those in relation to the valuation of investments.

In preparing these financial statements the Directors have made a judgement around the ability of the Company to continue as a going concern in light of the ongoing Covid-19 pandemic. Details of these considerations can be seen at the beginning of this note.

Financial assets

Financial assets, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Reserves

Reserves are analysed in the following categories:

- Share capital represents the nominal value of issued share capital; and
- Retained earnings represent the cumulative profit or loss position less dividend distributions

TCS (Merrion House JVCO1) Limited

Notes to the financial statements (continued)

Year ended 30 June 2019

2. Profit before taxation

None of the directors received any emoluments in respect of their services to the company during the year (2018: £Nil). The company had no other employees in the year to 30 June 2019 (2018: None).

Auditor's remuneration was borne by the ultimate parent undertaking. Of the fee incurred by the ultimate parent company the amount relating to the company was approximately £3,000 (2018: £3,000).

3. Taxation on profit

Factors affecting current tax charge

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

	2019 £	2018 £
Profit before taxation	<u>404,500</u>	<u>1,023,253</u>
Profit by rate of tax of 19% (2018: 19%)	76,855	194,418
Adjustment in respect of profits post REIT conversion	<u>(76,855)</u>	<u>(194,418)</u>
Total current tax	<u>-</u>	<u>-</u>

The company is a wholly owned subsidiary of Town Centre Securities PLC.

Town Centre Securities plc elected for group REIT status with effect from 2 October 2007. As a result the group and its subsidiaries no longer pays United Kingdom corporation tax on the profits and gains from its qualifying rental business in the United Kingdom provided it meets certain conditions. Non-qualifying profits and gains of the group continue to be subject to corporation tax as normal.

4. Investments

	2019 £	2018 £
At the start of the year	27,962,584	23,078,492
Additions	265,834	4,884,092
Capital distributions	<u>(27,327,501)</u>	<u>-</u>
At the end of the year	<u>900,917</u>	<u>27,962,584</u>

Fixed asset investments comprise 50% of the partnership capital in Merrion House LLP, a partnership registered in the United Kingdom. The registered address of Merrion House LLP is Town Centre House, The Merrion Centre, Leeds, LS2 8LY.

On 23 July 2018 the Company received a capital distribution from Merrion House LLP of £27.3m.

The directors believe that the carrying value of the investment is supported by its underlying net assets and expected results from future trading.

TCS (Merrion House JVCO1) Limited

Notes to the financial statements (continued)

Year ended 30 June 2019

5. Debtors

	2019 £	2018 £
Amounts owed by related parties	-	413,289
Amounts owed by group undertakings	11,896,895	-
At the end of the year	<u>11,896,895</u>	<u>413,289</u>

6. Called up share capital

	2019 £	2018 £
Alloted, called up and fully paid		
10,000,001 (2018: 10,000,001) Ordinary Shares of £1 each	<u>10,000,001</u>	<u>10,000,001</u>

There are no restrictions attaching to the ordinary shares.

7. Post balance sheet events

The impact of Covid-19 is considered to be a non-adjusting post balance sheet event, on the basis that the conditions did not exist at the year end. The Company has made an assessment of the impact of Covid-19 on the carrying value of all assets and liabilities held on the balance sheet at the year end. No areas are deemed to be impacted by this event.

8. Ultimate parent company

The company's ultimate parent undertaking and controlling party is Town Centre Securities plc, a company incorporated in England and Wales. The registered office of Town Centre Securities plc is shown below. This is the smallest and largest group which prepares group financial statements. Copies of the group financial statements can be obtained by writing to:

The Secretary
Town Centre Securities plc
Town Centre House
The Merrion Centre
Leeds
LS2 8LY