

Company registration number 05410177 (England and Wales)

TOYS "R" US PROPERTIES (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2023



TOYS "R" US PROPERTIES (UK) LIMITED

COMPANY INFORMATION

Director	Mr T D Hopkinson
Company number	05410177
Registered office	Canal Mill Botany Brow Chorley PR6 9AF
Auditor	MHA Moore and Smalley Richard House 9 Winckley Square Preston PR1 3HP

TOYS "R" US PROPERTIES (UK) LIMITED

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TOYS "R" US PROPERTIES (UK) LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 JANUARY 2023

The director presents his annual report and financial statements for the year ended 31 January 2023.

Principal activities

The principal activity of the company is that of property investment.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

Mr T D Hopkinson

Auditor

The auditor, MHA Moore and Smalley, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as the director is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the director has taken all the necessary steps that he ought to have taken as a director in order to make himself aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

For the reasons set out in accounting policy 1.2, the director has concluded that there is a material uncertainty in respect of going concern.

Small companies exemption

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

On behalf of the board



Mr T D Hopkinson
Director

25 October 2023

TOYS "R" US PROPERTIES (UK) LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2023

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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.

TOYS "R" US PROPERTIES (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF TOYS "R" US PROPERTIES (UK) LIMITED

Opinion

We have audited the financial statements of Toys "R" Us Properties (UK) Limited (the 'company') for the year ended 31 January 2023 which comprise the statement of comprehensive income, the balance sheet and notes to the financial statements, including 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 31 January 2023 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 related to going concern

We draw attention to note 1.2 in the financial statements, which indicates that as at 31 January 2023, the company's total liabilities exceeded its total assets by £93,307,712. As stated in note 1.2, these events or conditions, along with other matters as set forth in note 1.2, 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 our audit:

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

TOYS "R" US PROPERTIES (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF TOYS "R" US PROPERTIES (UK) LIMITED

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 director's 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the director's report and from the requirement to prepare a strategic report.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director 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 director is 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 director either intends 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud, are detailed below:

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations;
- Enquires with management about any known or suspected instances of fraud;
- Examination of journal entries and other adjustments to test for appropriateness and identify any instances of management override of controls;
- Review of legal and professional expenditure to identify any evidence of ongoing litigation or enquiries;
- Assessing management's significant judgements and estimates.

We identified the following areas as those most likely to have a material impact on the financial statements: health and safety legislation, and compliance with the UK Companies Act.

TOYS "R" US PROPERTIES (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

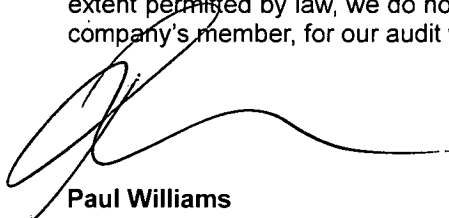
TO THE MEMBER OF TOYS "R" US PROPERTIES (UK) LIMITED

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognize the non-compliance.

A further description of our responsibilities is available on 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 member, 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 member 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 member, for our audit work, for this report, or for the opinions we have formed.



Paul Williams
Senior Statutory Auditor
For and on behalf of MHA Moore and Smalley
Chartered Accountants
Statutory Auditor

Richard House
9 Winckley Square
Preston
PR1 3HP

25 October 2023

TOYS "R" US PROPERTIES (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JANUARY 2023

	Notes	2023 £	2022 £
Turnover		122,004	1,220,874
Administrative expenses		(376,957)	(1,141,324)
Other operating income		533,000	-
Exceptional item	2	99,312,417	(1,176,481)
Operating profit/(loss)		99,590,464	(1,096,931)
Interest receivable and similar income		6,186	355,326
Interest payable and similar expenses		(6,819,296)	(10,777,847)
Fair value gains and losses on investment properties	4	-	4,517,412
Profit/(loss) before taxation		92,777,354	(7,002,040)
Tax on profit/(loss)		-	-
Profit/(loss) for the financial year		92,777,354	(7,002,040)

TOYS "R" US PROPERTIES (UK) LIMITED

BALANCE SHEET

AS AT 31 JANUARY 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Investment properties	4		-	10,906,578	
Current assets					
Debtors	5	3,727		242,102	
Cash at bank and in hand	6	28,571		8,973,806	
		32,298		9,215,908	
Creditors: amounts falling due within one year	7	(93,340,010)	(206,207,552)		
Net current liabilities		(93,307,712)		(196,991,644)	
Total assets less current liabilities		(93,307,712)		(186,085,066)	
Capital and reserves					
Called up share capital	9	167,394,000		167,394,000	
Other reserves	10	4,138,000		4,138,000	
Profit and loss reserves		(264,839,712)		(357,617,066)	
Total equity		(93,307,712)		(186,085,066)	

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

The financial statements were approved and signed by the director and authorised for issue on 25 October 2023



Mr T D Hopkinson
Director

Company Registration No. 05410177

TOYS "R" US PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2023

1 Accounting policies

Company information

Toys "R" Us Properties (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Canal Mill, Botany Brow, Chorley, PR6 9AF.

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 at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

As at 31 January 2023, the company's total liabilities exceeded its total assets by £93,307,712.

As a result of Toys 'R' Us Limited entering administration the company breached conditions of the borrowings. The company signed a standstill agreement with its main lender, Debussy DTC plc, until July 2019 (subsequently extended further to December 2019) to give the company time to undertake an agreed business plan that will include property disposals and letting to new tenants. This deadline was not achieved and no formal further extension to the standstill agreement was agreed. The lenders appointed receivers to market and dispose of the remaining properties in the portfolio to repay the outstanding loan.

The loan was secured on the properties owned by the company. The final property was sold during the year with the funds released used to repay part of the outstanding capital and interest debt. The unpaid balance of the loan at 31 January 2023 was £66,535,963.

By the year end, the company had not received formal notification that the lender was releasing the company from its obligations relating to the remaining bank loans and accrued interest and so amounts are still included within creditors.

On 20 March 2023 documents were lodged at Companies House with notice of cessation of LPA Receiver action. In addition, on 28 June 2023 a resolution was lodged by Debussy DTC plc to wind up its business as well as Debussy DTC plc filing a notice of appointment of a liquidator in a voluntary winding up for its business. This suggests that there is no intention to seek repayment of the outstanding debt.

Based on the above information, the director will therefore consider the position regarding the derecognition of the remaining bank loan and interest liabilities in the next accounting period. In addition, the director is currently considering the next steps for the company and its future operations.

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for at least twelve months from the date of approval of these financial statements. However, the uncertainty over the formal release from its debt obligations means that there is a material uncertainty relating to going concern.

1.3 Turnover

Turnover represents rent receivable net of VAT, which is recognised in the period to which it relates.

TOYS "R" US PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2023

1 Accounting policies

(Continued)

1.4 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

1.5 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and 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.

1.6 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 balance sheet 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.

Other financial assets

All of the company's assets are basic financial assets.

Impairment of financial assets

Financial assets 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.

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.

TOYS "R" US PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2023

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, and loans from fellow group companies, 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 payments 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.

Other financial liabilities

All of the company's liabilities are basic financial liabilities.

1.7 Equity instruments

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

1.8 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Exceptional items

	2023 £	2022 £
Expenditure		
(Profit) / loss on disposal of investment properties	-	1,176,481
Release of other borrowings	(99,312,417)	-
	<u>(99,312,417)</u>	<u>1,176,481</u>

On 19 January 2023 a deed of partial waiver was signed. As a result, £99,312,417 of the amount included within other borrowings was released, reducing the balance payable by the company to £10,000,000. This has resulted in a credit to the profit and loss account which has been shown as an exceptional item.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2023 Number	2022 Number
Total	<u>1</u>	<u>1</u>

TOYS "R" US PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2023

4 Investment property

	2023 £
Fair value	
At 1 February 2022	10,906,578
Additions	252,284
Disposals	(11,158,862)
At 31 January 2023	<u>-</u>

The historical cost of the properties is £nil (2022: £22,643,934).

5 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Amounts owed by group undertakings	-	1,019
Other debtors	3,727	152,455
Prepayments and accrued income	-	88,628
	<u>3,727</u>	<u>242,102</u>

6 Cash at bank and in hand

At the period end the cash in the bank and in hand included £27,040 (2022: £8,691,921) of restricted cash. This is held in accounts controlled by the lenders of the bank loan as security against payment default.

7 Creditors: amounts falling due within one year

		2023 £	2022 £
Bank loans	8	66,535,963	78,948,426
Other borrowings	8	10,000,000	109,312,417
Trade creditors		210,503	369,123
Amounts owed to group undertakings		42,917	33,884
Taxation and social security		-	1,925,559
Accruals and deferred income		16,550,627	15,618,143
		<u>93,340,010</u>	<u>206,207,552</u>

TOYS "R" US PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2023

8 Loans and overdrafts

	2023 £	2022 £
Bank loans	66,535,963	78,948,426
Other loans	10,000,000	109,312,417
	<u>76,535,963</u>	<u>188,260,843</u>
Payable within one year	<u>76,535,963</u>	<u>188,260,843</u>

The company entered into a new Propco facilities agreement in March 2013 which was due to mature in July 2020 but, following the new standstill agreement, was due to mature in July 2019. The standstill agreement that ran until July 2019 was then extended and the company had to meet agreed capital repayments as well as completion of leases for retained properties at various dates between July 2019 and December 2019 with the requirement that the bank borrowings are repaid in full by December 2019.

Interest is payable quarterly at three different interest rates. Based on the year end loan balance these rates average 9.3% (2022: 9.0%).

The loan was secured on the properties owned by the company, which have now all been disposed of. The unpaid balance of the loan at 31 January 2023 was £66,535,963. Further information can be found in note 11.

9 Called up share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	<u>167,394,000</u>	<u>167,394,000</u>	<u>167,394,000</u>	<u>167,394,000</u>

10 Own shares reserve

The other reserves represent additional capital previously provided to the company from the immediate holding company for the debt issue costs.

TOYS "R" US PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2023

11 Events after the reporting date

At the year end, the company's balance sheet included outstanding bank loans owed to the lender, Debussy DTC plc, of £66,535,963 and interest accrued on those loans of £16,547,127. These loans were secured on the properties of the company, all of which have now been sold.

By the year end, the company had not received formal notification that the lender was releasing the company from its obligations relating to the remaining bank loans and accrued interest and so interest continued to be accrued up to the year end on the outstanding loan balances.

On 20 March 2023 documents were lodged at Companies House with notice of cessation of LPA Receiver action. In addition, on 28 June 2023 a resolution was lodged by Debussy DTC plc to wind up its business as well as Debussy DTC plc filing a notice of appointment of a liquidator in a voluntary winding up for its business. This suggests that there is no intention to seek repayment of the outstanding debt.

Based on the above information, the director will therefore consider the position regarding the derecognition of the remaining bank loan and interest liabilities in the next accounting period. In addition, the director is currently considering the next steps for the company and its future operations.

12 Related party transactions

The company has taken advantage of the exemption permitted under Section 1AC.35 from disclosing transactions with the consolidating parent and its fellow wholly owned subsidiary companies.

13 Parent company

Until 26 October 2021 the ultimate parent company was Acepark Limited. On 26 October 2021 Knowlesway Limited acquired 100% of the share capital of Acepark Limited. Knowlesway Limited is now the ultimate parent company.

The largest and smallest group in which the results of the company are consolidated is that headed by Knowlesway Limited. The consolidated financial statements of this group are available to the public and may be obtained from Companies House, Cardiff.

Until 26 October 2021 the ultimate controlling party was TJP Knowles. The ultimate controlling party is now the trustees of the Claire Caroline Sharp Discretionary Settlement 2021.