

# **Flying Tindall Lower 4 Limited**

Report and Financial Statements

*31 December 2012*

Rees Pollock  
Chartered Accountants



COMPANY INFORMATION

<b>Directors</b>	D Pasher V A Tchenguiz M D Payne
<b>Registered number</b>	05656317
<b>Registered office</b>	4th Floor Leconfield House London W1J 5JA
<b>Independent auditor</b>	Rees Pollock 35 New Bridge Street London EC4V 6BW

**DIRECTORS' REPORT**  
for the year ended 31 December 2012

The directors present their report and the financial statements for the year ended 31 December 2012

**Principal activities**

The principal activity of the company during the year was that of an investment holding company

**Results and dividends**

The loss for the year, after taxation, amounted to £12,998,937 (2011 - loss £11,737,373)

The directors have not recommended a dividend

**Directors**

The directors who served during the year were

D Pasher  
V A Tchenguiz  
M D Payne

**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 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.

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.

**DIRECTORS' REPORT**  
for the year ended 31 December 2012

**Provision of information to auditor**

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

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

**Auditor**

Rees Pollock have expressed their willingness to continue in office as auditor

**Small company provisions**

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

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



M D Payne  
Director

Date 30 September 2013



# REESPOLLOCK

*Chartered Accountants*

35 New Bridge Street  
London EC4V 6BW  
Telephone 020 7778 7200  
Fax 020 7329 6408  
[www.reespollock.co.uk](http://www.reespollock.co.uk)

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FLYING TINDALL LOWER 4 LIMITED

We have audited the financial statements of Flying Tindall Lower 4 Limited for the year ended 31 December 2012, set out on pages 5 to 12. 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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss 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.

### **Emphasis of matter**

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. As detailed in note 1 the bank loan held within the company's indirect investment partnership is due for repayment in July 2014 and negotiations have commenced to refinance the loan and the partners are confident of a satisfactory outcome to enable it to continue as a going concern. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the company was unable to continue as a going concern. Our opinion is not qualified in this respect.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS  
OF FLYING TINDALL LOWER 4 LIMITED**

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or 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

Christopher Dimmick (Senior statutory auditor)  
for and on behalf of  
**Rees Pollock, Statutory Auditor**

30 September 2013

---

**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 2012

	<b>Note</b>	<b>2012 £</b>	<b>2011 £</b>
Administrative expenses		(3,901)	(12,517)
<b>OPERATING LOSS</b>	2	(3,901)	(12,517)
Interest receivable and similar income	4	457,303	406,980
Interest payable and similar charges	5	(13,452,339)	(12,131,836)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(12,998,937)	(11,737,373)
Tax on loss on ordinary activities	6	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u>(12,998,937)</u>	<u>(11,737,373)</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

The notes on pages 7 to 12 form part of these financial statements

**BALANCE SHEET**  
as at 31 December 2012

	Note	£	2012 £	£	2011 £
<b>FIXED ASSETS</b>					
Investments	7		55,885,659		55,885,659
<b>CURRENT ASSETS</b>					
Debtors	8	20,049,008		18,574,814	
<b>CREDITORS: amounts falling due within one year</b>	9	<u>(17,130,278)</u>		<u>(18,729,841)</u>	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			2,918,730		(155,027)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			58,804,389		55,730,632
<b>CREDITORS: amounts falling due after more than one year</b>	10		<u>(116,782,926)</u>		<u>(100,710,232)</u>
<b>NET LIABILITIES</b>			<u>(57,978,537)</u>		<u>(44,979,600)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		2		2
Profit and loss account	13		<u>(57,978,539)</u>		<u>(44,979,602)</u>
<b>SHAREHOLDERS' DEFICIT</b>	14		<u>(57,978,537)</u>		<u>(44,979,600)</u>

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



M D Payne  
Director

Date 30 September 2013

The notes on pages 7 to 12 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2012

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

**1.2 Going concern**

The company has an indirect interest in Tindall Hotels Limited Partnership (THLP) by virtue of its investments as set out in note 7. As disclosed in the accounts of THLP, their property portfolio has been written down to £317,000,000 as at 31 December 2012 and the deficit, as shown on the balance sheet of THLP, at that date, is £120,368,993.

Further, the bank loan within THLP is due for repayment in July 2014 and discussions with the lenders have begun with a view to refinancing the loan arrangements. The partners of THLP are confident of a satisfactory outcome to the negotiations being reached prior to July 2014. The partnership projections for THLP, taking account of reasonably possible changes in trading performance, show the partnership continuing in operation and being able to meet its obligations as they fall due.

The company therefore has a reasonable expectation that THLP has adequate resources to continue in operational existence for the foreseeable future, and other group entities have agreed to provide financial assistance to the company as and when required. Accordingly, the directors consider it is appropriate to adopt the going concern basis in preparing the annual reports and accounts.

**1.3 Cash flow**

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

**1.4 Investments**

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

**1.5 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

**1.6 Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2012

**2. OPERATING LOSS**

The operating loss is stated after charging

	2012 £	2011 £
Auditor's remuneration	3,901	3,981

**3 STAFF COSTS**

The company has no employees other than the directors, who did not receive any remuneration (2011 - £NIL)

**4 INTEREST RECEIVABLE**

	2012 £	2011 £
Interest from related parties	457,303	406,980

**5. INTEREST PAYABLE**

	2012 £	2011 £
Other similar charges payable	13,452,339	12,131,836

**6. TAXATION**

**Factors affecting tax charge for the year**

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 24% (2011 - 26%) The differences are explained below

	2012 £	2011 £
Loss on ordinary activities before tax	(12,998,937)	(11,737,373)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2011 - 26%)	(3,119,745)	(3,051,717)
<b>Effects of:</b>		
Movement in losses available to carry forward	1,119,121	1,848,788
Group relief surrendered	2,000,624	1,202,929
<b>Current tax charge for the year (see note above)</b>	-	-

**Factors that may affect future tax charges**

As at the balance sheet date, there was a potential asset of £7,804,671 (2011 - £7,298,476) relating to tax losses available for future relief (based on a future tax rate of 23%) This asset has not been recognised due to the uncertainty over the timing of the company's ability to generate future profits

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2012

**7 FIXED ASSET INVESTMENTS**

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 January 2012 and 31 December 2012	<u><u>55,885,659</u></u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2012

7. **FIXED ASSET INVESTMENTS (continued)**

The company's investments include 100% of the ordinary share capital and voting rights of the following

	<b>Nature of business</b>	<b>Country of incorporation</b>
Flying Tindall Lower 2	Investment company	England/Wales
Flying Tindall Lower 3	Investment company	Scotland
MC (Finance)	Investment company	England/Wales

**Aggregate capital and reserves**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Flying Tindall Lower 2	(6,618,923)	(3,789,623)
Flying Tindall Lower 3	4,173,636	7,392,797
MC (Finance)	1,094,827	4,705,031

**Profit and (loss) for the year**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Flying Tindall Lower 2	(2,829,300)	1,625,423
Flying Tindall Lower 3	(3,219,161)	3,363,210
MC (Finance)	(3,610,204)	3,706,372

Under the provision of Section 398 of the Companies Act 2006 the company is not preparing consolidated accounts on the basis that it is small and has not done so, therefore the accounts show information about the company as an individual entity

8. **DEBTORS**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Due after more than one year</b>		
Amounts owed by group undertakings	255,981	260,686
<b>Due within one year</b>		
Amounts owed by group undertakings	1,041,459	1,032,193
Amounts owed by related parties	16,335,981	15,323,649
Called up share capital not paid	2	2
Prepayments and accrued income	2,415,585	1,958,284
	<b>20,049,008</b>	<b>18,574,814</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2012

**9. CREDITORS:**

Amounts falling due within one year

	2012 £	2011 £
Trade creditors	3,900	3,900
Amounts owed to group & related undertakings	14,230,453	14,230,453
Accruals and deferred income	2,895,925	4,495,488
	<u>17,130,278</u>	<u>18,729,841</u>

**10 CREDITORS:**

Amounts falling due after more than one year

	2012 £	2011 £
Amounts owed to group undertakings	<u>116,782,926</u>	<u>100,710,232</u>

The amount owed to group undertakings is detailed in note 11

**11 RELATED PARTY TRANSACTIONS**

At the year end the company had loans due to its group undertakings. These loans all have interest accruing quarterly. The repayment date of these loans is between April 2014 and April 2020.

At the balance sheet date, the loan balances outstanding including interest at a rate of 14% per annum are

	2012 £	2011 £
Flying Tindall Lower 2 Limited	20,241,659	17,632,902
Flying Tindall Lower 3 Limited	38,305,085	33,368,303
MC (Finance)	42,266,371	36,819,056

At the balance sheet date, the loan balances outstanding including interest at a rate of base rate plus 2% are

MC (Finance)	7,551,556	6,958,890
Flying Tindall Limited Partnership	11,310,280	10,422,608

The company also had trading balances owing to group & related undertakings

Flying Tindall Lower 1 Limited	14,230,453	14,230,453
--------------------------------	------------	------------

At the year end the company had a loan due from Vincos Limited of £8,167,740 (2011 - £7,661,574). V Tchenguiz is a director of Vincos Limited. At the balance sheet date, the loan is outstanding and interest income from this loan which was recognised during the year was £228,645 (2011 - £203,484). Accrued interest outstanding at the balance sheet date was £1,207,776 (2011 - £979,131).

There is an amount of £1,032,193 (2010 - £1,032,193) due from MC (Finance) in respect of losses surrendered.

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2012

**12 SHARE CAPITAL**

	2012 £	2011 £
<b>Allotted and called up</b>		
2 Ordinary shares of £1 each	2	2

The amounts of paid up share capital for the following categories of shares differed from the called up share capital stated above due to unpaid calls and were as follows

	2012 £	2011 £
Ordinary shares	2	2

**13 RESERVES**

	<b>Profit and loss account £</b>
At 1 January 2012	(44,979,602)
Loss for the year	(12,998,937)
At 31 December 2012	(57,978,539)

**14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT**

	2012 £	2011 £
Opening shareholders' deficit	(44,979,600)	(33,242,227)
Loss for the year	(12,998,937)	(11,737,373)
Closing shareholders' deficit	(57,978,537)	(44,979,600)

**15 ULTIMATE PARENT COMPANY**

The company's immediate parent company and ultimate controlling party is Flying Tindall Upper Limited, a company registered in Jersey