

**REGISTRAR'S  
COPY**

Company Registration No. 03360708 (England and Wales)

**PIXIEACRE LIMITED**

**DIRECTORS' REPORT  
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2014**

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**COMPANY INFORMATION**

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|--------------------------|----------------------------------------------------------------------|
| <b>Directors</b>         | G T Mascolo<br>R J Staal                                             |
| <b>Secretary</b>         | R W L Berrow                                                         |
| <b>Company number</b>    | 03360708                                                             |
| <b>Registered office</b> | 58 / 60 Stamford Street<br>London<br>SE1 9LX                         |
| <b>Auditors</b>          | Haines Watts<br>30 Camp Road<br>Farnborough<br>Hampshire<br>GU14 6EW |
| <b>Bankers</b>           | Allied Irish Bank (GB)<br>10 Berkeley Square<br>London<br>W1J 6AA    |

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## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 31 AUGUST 2014***

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The directors present their report and financial statements for the year ended 31 August 2014.

#### **Principal activities and review of the business**

The principal activity of the company continued to be that of a property investment company.

#### **Results and dividends**

The results for the year are set out on page 5.

The directors do not recommend payment of an ordinary dividend.

#### **Directors**

The following directors have held office since 1 September 2013:

G T Mascolo

R J Staal

#### **Statement of directors' responsibilities**

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2014**

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**Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board



.....  
G.T. Mascolo

**Director**

Dated: ..... 26.5.15

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PIXIEACRE LIMITED**

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We have audited the financial statements of Pixieacre Limited for the year ended 31 August 2014 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 auditors' 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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, 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 Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 August 2014 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.

### **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.

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

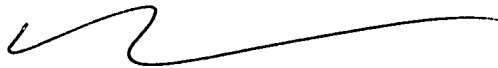
**TO THE MEMBERS OF PIXIEACRE LIMITED**

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**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.



**Andrew Parsons (Senior Statutory Auditor)**  
for and on behalf of Haines Watts

29 May 2015

**Chartered Accountants**  
**Statutory Auditor**

30 Camp Road  
Farnborough  
Hampshire  
GU14 6EW

**PROFIT AND LOSS ACCOUNT**

***FOR THE YEAR ENDED 31 AUGUST 2014***

|                                                      | Notes | 2014<br>£ | 2013<br>£ |
|------------------------------------------------------|-------|-----------|-----------|
| Turnover                                             | 2     | 398,338   | 408,404   |
| Cost of sales                                        |       | (27,830)  | (23,855)  |
| <b>Gross profit</b>                                  |       | 370,508   | 384,549   |
| Administrative expenses                              |       | (8,756)   | (13,194)  |
| <b>Operating profit</b>                              | 3     | 361,752   | 371,355   |
| Interest payable and similar charges                 | 4     | (395)     | (4,209)   |
| <b>Profit on ordinary activities before taxation</b> |       | 361,357   | 367,146   |
| Tax on profit on ordinary activities                 | 5     | 7,709     | (88,105)  |
| <b>Profit for the year</b>                           | 11    | 369,066   | 279,041   |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

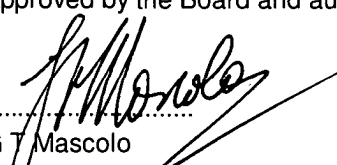
There are no recognised gains and losses other than those passing through the profit and loss account.

**BALANCE SHEET**

**AS AT 31 AUGUST 2014**

|                                                                | Notes | 2014<br>£          | £                | 2013<br>£          | £                |
|----------------------------------------------------------------|-------|--------------------|------------------|--------------------|------------------|
| <b>Fixed assets</b>                                            |       |                    |                  |                    |                  |
| Tangible assets                                                | 6     | 6,445,790          |                  | 6,311,729          |                  |
| <b>Current assets</b>                                          |       |                    |                  |                    |                  |
| Debtors                                                        | 7     | 85,827             |                  | -                  |                  |
| Cash at bank and in hand                                       |       | 35,878             |                  | 81,077             |                  |
|                                                                |       | <u>121,705</u>     |                  | <u>81,077</u>      |                  |
| <b>Creditors: amounts falling due within one year</b>          | 8     | <u>(789,236)</u>   |                  | <u>(983,613)</u>   |                  |
| <b>Net current liabilities</b>                                 |       |                    | <u>(667,531)</u> |                    | <u>(902,536)</u> |
| <b>Total assets less current liabilities</b>                   |       | 5,778,259          |                  | 5,409,193          |                  |
| <b>Creditors: amounts falling due after more than one year</b> | 9     | <u>(2,822,350)</u> |                  | <u>(2,822,350)</u> |                  |
|                                                                |       | <u>2,955,909</u>   |                  | <u>2,586,843</u>   |                  |
| <b>Capital and reserves</b>                                    |       |                    |                  |                    |                  |
| Called up share capital                                        | 10    | 31                 |                  | 31                 |                  |
| Revaluation reserve                                            | 11    | 644,813            |                  | 644,813            |                  |
| Profit and loss account                                        | 11    | 2,311,065          |                  | 1,941,999          |                  |
| <b>Shareholders' funds</b>                                     | 12    | <u>2,955,909</u>   |                  | <u>2,586,843</u>   |                  |

Approved by the Board and authorised for issue on 26.5.15

  
 .....  
 G T Mascolo  
 Director

Company Registration No. 03360708

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2014**

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### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

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.

#### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### **1.3 Turnover**

Turnover represents rents receivable in the United Kingdom, net of value added tax.

#### **1.4 Tangible fixed assets and depreciation**

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

#### **1.5 Deferred taxation**

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

No provision has been made for deferred tax on potential net capital gains as the company has no immediately foreseeable intention to sell the investment properties.

### **2 Turnover**

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

### **3 Operating profit**

|                                                                                      | <b>2014</b> | <b>2013</b> |
|--------------------------------------------------------------------------------------|-------------|-------------|
|                                                                                      | <b>£</b>    | <b>£</b>    |
| Operating profit is stated after charging:                                           |             |             |
| Fees payable to the company's auditor for the audit of the company's annual accounts | 2,675       | 2,675       |

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

|          |                                                                                                                           |                 |                |
|----------|---------------------------------------------------------------------------------------------------------------------------|-----------------|----------------|
| <b>4</b> | <b>Interest payable</b>                                                                                                   | <b>2014</b>     | <b>2013</b>    |
|          |                                                                                                                           | <b>£</b>        | <b>£</b>       |
|          | On bank loans and overdrafts                                                                                              | -               | 4,209          |
|          | On overdue tax                                                                                                            | 395             | -              |
|          |                                                                                                                           | <u>395</u>      | <u>4,209</u>   |
|          |                                                                                                                           | <u>395</u>      | <u>4,209</u>   |
| <b>5</b> | <b>Taxation</b>                                                                                                           | <b>2014</b>     | <b>2013</b>    |
|          |                                                                                                                           | <b>£</b>        | <b>£</b>       |
|          | <b>Domestic current year tax</b>                                                                                          |                 |                |
|          | U.K. corporation tax                                                                                                      | 80,396          | 88,105         |
|          | Adjustment for prior years                                                                                                | (88,105)        | -              |
|          | <b>Total current tax</b>                                                                                                  | <u>(7,709)</u>  | <u>88,105</u>  |
|          | <b>Factors affecting the tax charge for the year</b>                                                                      |                 |                |
|          | Profit on ordinary activities before taxation                                                                             | <u>361,357</u>  | <u>367,146</u> |
|          | Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2013 - 23.00%) | <u>75,885</u>   | <u>84,444</u>  |
|          | Effects of:                                                                                                               |                 |                |
|          | Tax losses utilised                                                                                                       | (88,105)        | -              |
|          | Other tax adjustments                                                                                                     | 4,511           | 3,661          |
|          |                                                                                                                           | <u>(83,594)</u> | <u>3,661</u>   |
|          | <b>Current tax charge for the year</b>                                                                                    | <u>(7,709)</u>  | <u>88,105</u>  |

The overprovision is in respect of the estimated tax charge for the year ended 31 August 2013, which was subsequently mitigated by the availability of group relief.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**6 Tangible fixed assets**

|                          | <b>Investment<br/>properties<br/>£</b> |
|--------------------------|----------------------------------------|
| <b>Cost or valuation</b> |                                        |
| At 1 September 2013      | 6,311,729                              |
| Additions                | 134,061                                |
|                          | <hr/>                                  |
| At 31 August 2014        | 6,445,790                              |
|                          | <hr/>                                  |
| <b>Net book value</b>    |                                        |
| At 31 August 2014        | 6,445,790                              |
|                          | <hr/> <hr/>                            |
| At 31 August 2013        | 6,311,729                              |
|                          | <hr/> <hr/>                            |

In 26 February 2010, the investment properties held at the time were revalued by a qualified chartered surveyor to £3,522,000, on an open market value basis. This is the most recent formal valuation.

Properties acquired since the valuation are held at an original cost of £2,923,790 (2013 : £2,789,729), and those prior to the valuation at a historical cost of £2,877,187 (2013: £2,877,187). Whilst the directors consider the valuations of the investment properties to be a reasonable reflection of market value they are mindful of the difficult market conditions at the present time and their impact on property A a legal charge is registered on the properties, as detailed in note 15. There is no material estimated deferred tax liability at the year end, due to the availability of indexation.

| <b>7 Debtors</b> | <b>2014<br/>£</b> | <b>2013<br/>£</b> |
|------------------|-------------------|-------------------|
| Trade debtors    | 2,891             | -                 |
| Corporation tax  | 31,495            | -                 |
| Other debtors    | 51,441            | -                 |
|                  | <hr/>             | <hr/>             |
|                  | 85,827            | -                 |
|                  | <hr/> <hr/>       | <hr/> <hr/>       |

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

| <b>8 Creditors: amounts falling due within one year</b>   | <b>2014</b>    | <b>2013</b>    |
|-----------------------------------------------------------|----------------|----------------|
|                                                           | <b>£</b>       | <b>£</b>       |
| Trade creditors                                           | 2,514          | 3,385          |
| Amounts owed to parent and fellow subsidiary undertakings | 357,031        | 369,256        |
| Corporation tax                                           | -              | 55,975         |
| Other taxes and social security costs                     | -              | 14,467         |
| Directors' current accounts                               | 400,467        | 511,684        |
| Accruals and deferred income                              | 29,224         | 28,846         |
|                                                           | <u>789,236</u> | <u>983,613</u> |

The bank loans and overdraft are secured by a fixed and floating charge over the assets of the company.

The director, G T Mascolo and former director P P Mascolo, have provided the company with advances of £350,999 (2013: £350,999) and £49,468 (2013: £160,685) respectively. These advances are interest free, and in the absence of any formal repayment terms deemed repayable on demand.

| <b>9 Creditors: amounts falling due after more than one year</b> | <b>2014</b>      | <b>2013</b>      |
|------------------------------------------------------------------|------------------|------------------|
|                                                                  | <b>£</b>         | <b>£</b>         |
| Other loans                                                      | <u>2,822,350</u> | <u>2,822,350</u> |
| <b>Analysis of loans</b>                                         |                  |                  |
| Wholly repayable within five years                               | <u>2,822,350</u> | <u>2,822,350</u> |
|                                                                  | <u>2,822,350</u> | <u>2,822,350</u> |
| <b>Loan maturity analysis</b>                                    |                  |                  |
| In more than two years but not more than five years              | <u>2,822,350</u> | <u>2,822,350</u> |

Other loans are from group companies, as detailed in note 15. There are no formal repayment terms in place, however the funds will not be called on within twenty-four months.

| <b>10 Share capital</b>                   | <b>2014</b> | <b>2013</b> |
|-------------------------------------------|-------------|-------------|
|                                           | <b>£</b>    | <b>£</b>    |
| <b>Allotted, called up and fully paid</b> |             |             |
| 311,239 Ordinary shares of 0.01p each     | <u>31</u>   | <u>31</u>   |

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**11 Statement of movements on reserves**

|                             | Revaluation<br>reserve | Profit and<br>loss<br>account |
|-----------------------------|------------------------|-------------------------------|
|                             | £                      | £                             |
| Balance at 1 September 2013 | 644,813                | 1,941,999                     |
| Profit for the year         | -                      | 369,066                       |
|                             | <u>644,813</u>         | <u>2,311,065</u>              |
| Balance at 31 August 2014   | <u>644,813</u>         | <u>2,311,065</u>              |

**12 Reconciliation of movements in shareholders' funds**

|                               | 2014             | 2013             |
|-------------------------------|------------------|------------------|
|                               | £                | £                |
| Profit for the financial year | 369,066          | 279,041          |
| Opening shareholders' funds   | 2,586,843        | 2,307,802        |
|                               | <u>2,955,909</u> | <u>2,586,843</u> |
| Closing shareholders' funds   | <u>2,955,909</u> | <u>2,586,843</u> |

**13 Employees**

**Number of employees**

There were no employees during the year apart from the directors.

**14 Control**

The immediate and ultimate controlling company is Toni & Guy International Limited, a company incorporated in England and Wales. The ultimate controlling party is G T Mascolo.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2014***

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**15 Related party relationships and transactions**

Mascolo Limited and Toni & Guy Holdings Limited are related parties due to being members of the same group. During the year and the comparative year, a group bank cross guarantee, in the form of a legal mortgage charge, existed on the investment properties.

Included in other creditors due after more than one year, note 9, is a loan of £2,761,350 (2013: £2,761,350) from Mascolo Limited. Also included in other creditors due after more than one year, note 9, is a loan of £61,000 (2013: £61,000) from Toni & Guy Holdings Limited.

During the year rents receivable from Mascolo Limited amounted to £398,200 (2013: £404,450). At the year end £nil (2013: £nil) was owed from Mascolo Limited and is included in trade debtors. Included in creditors due within one year are amounts owed to Mascolo Limited of £357,031 (2013: £369,256). The movement in the year is attributable to the net repayments and costs payable by Mascolo Limited on the company's behalf.

Also included in creditors due within one year are advances of £400,467 (2013: £511,684), from the directors, as detailed in note 8. The movement in the year on the advance from P P Mascolo is in respect of deemed repayments made by the company, of which £50,000 was in respect of a debt assignment. This is detailed in note 8.