

Company Registration No: 02996792

**HERBFRAME LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2017**

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**HERBFRAME LIMITED**

**DIRECTORS AND OFFICERS**

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**DIRECTORS**

R Tchenguiz  
V A Tchenguiz  
M D Watson

**REGISTERED OFFICE**

5<sup>th</sup> Floor  
Leconfield House  
Curzon Street  
London  
W1J 5JA

**AUDITOR**

RSM UK Audit LLP  
Chartered Accountants  
3<sup>rd</sup> Floor  
One London Square  
Cross Lanes  
Guildford  
Surrey  
GU1 1UN

**SOLICITORS**

Osborne Clarke  
One London Wall  
London  
EC2Y 5EB

## **HERBFRAME LIMITED**

### **DIRECTORS' REPORT**

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The directors present their report and the financial statements of Herbframe Limited for the year ended 31 May 2017.

#### **Principal activities and business review**

The principal activity of the company, which has remained unchanged during the year, was to hold a reversionary interest in an investment property.

The company has leased the property at a peppercorn rent for a period of 30 years terminating in 2025. This is held as an investment property as the tenant has no right to purchase the freehold at the end of the lease term.

In the opinion of the directors, the result for the year and the financial position of the company at 31 May 2017 were satisfactory given the support of Rotch Property Group Limited, the company's holding company.

#### **Investment properties**

The investment property held at 31 May 2017 was valued at that date at £11,200,000 (2016: £11,100,000) by the directors. The increase in value during the year amounted to £100,000 (2016: £700,000) as set out in note 5. This valuation reflects the revisionary interest in 2025 and the fact that the company currently generates no income from the property.

#### **Results and dividends**

The loss for the year amounted to £152,889 (2016: £1,738,688). The directors do not recommend the payment of a dividend.

#### **Directors**

The following directors have held office since 1 June 2016:

R Tchenguiz  
V A Tchenguiz  
M D Watson (appointed 8 November 2017)

#### **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 those financial statements, the directors are required to:

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

## **HERBFRAME LIMITED**

### **DIRECTORS' REPORT (continued)**

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#### **Statement of directors' responsibilities (continued)**

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 as to disclosure of information to auditor**

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. The directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

#### **Auditor**

The auditor, RSM UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

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

By order of the Board:



**R Tchenguiz**

Director

20 December 2017

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERBFRAME LIMITED

### Opinion on financial statements

We have audited the financial statements on pages 5 to 15. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2017 and of its result 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.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

### 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 and, based on the work undertaken in the course of our audit, the Directors' Report has been prepared in accordance with applicable legal requirements.

### 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 any material misstatements in the Directors' Report.

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; 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 exemption from the requirement to prepare a strategic report or in preparing the directors' report.

### Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 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 (APB's) Ethical Standards for Auditors.

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.



Christopher Hurren BA FCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
3<sup>rd</sup> Floor, One London Square, Cross Lanes  
Guildford, Surrey, GU1 1UN

22 December 2017

**HERBFRAME LIMITED****STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 MAY 2017**

	<b>Notes</b>	<b>2017 £</b>	<b>2016 £</b>
Provision for loan guarantee		(343,389)	(2,516,188)
Administrative expenses		(3,500)	(4,500)
Fair value gain on investment property		100,000	700,000
<b>Loss on ordinary activities before taxation</b>	<b>2</b>	<b>(246,889)</b>	<b>(1,820,688)</b>
Taxation	<b>4</b>	<b>94,000</b>	<b>82,000</b>
<b>Loss on ordinary activities after taxation</b>		<b>(152,889)</b>	<b>(1,738,688)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>(152,889)</b>	<b>(1,738,688)</b>

**HERBFRAME LIMITED****STATEMENT OF FINANCIAL POSITION (Company Registration Number: 02996792)****AT 31 MAY 2017**

	Notes	2017 £	2016 £
<b>Fixed assets</b>			
Investment properties	5	11,200,000	11,100,000
<b>Creditors: amounts falling due within one year</b>	6	(10,999)	(7,499)
<b>Net current liabilities</b>		<u>(10,999)</u>	<u>(7,499)</u>
<b>Total assets less current liabilities</b>		11,189,001	11,092,501
<b>Provisions for liabilities</b>	7	(8,789,372)	(8,539,983)
<b>Net assets</b>		<u>2,399,629</u>	<u>2,552,518</u>
<b>Capital and reserves</b>			
Called up share capital	8	2	2
Fair value reserve	8	11,199,999	11,099,999
Profit and loss account	8	(8,800,372)	(8,547,483)
<b>Total equity</b>		<u>2,399,629</u>	<u>2,552,518</u>

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

The financial statements on pages 5 to 15 were approved by the board of directors and authorised for issue on ~~20 December~~ 2017 and are signed on its behalf by:



**R Tchenguiz**  
Director

**HERBFRAME LIMITED****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 MAY 2017**

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	<b>Share capital £</b>	<b>Fair value reserve £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
<b>Balance at 1 June 2015</b>	2	10,399,999	(6,108,795)	4,291,206
Total comprehensive income for the year	-	-	(1,738,688)	(1,738,688)
Transfer to fair value reserve of Investment property revaluation surplus in year	-	700,000	(700,000)	-
<b>Balance at 31 May 2016</b>	<u>2</u>	<u>11,099,999</u>	<u>(8,547,483)</u>	<u>2,552,518</u>
Total comprehensive income for the year	-	-	(152,889)	(152,889)
Transfer to fair value reserve of Investment property revaluation surplus in year	-	100,000	(100,000)	-
<b>Balance at 31 May 2017</b>	<u>2</u>	<u>11,199,999</u>	<u>(8,800,372)</u>	<u>2,399,629</u>



# HERBFRAME LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

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### 1. Accounting policies

#### Company information

Herbframe Limited ("the Company") is a limited company domiciled and incorporated in England. The address of the Company's registered office and principal place of business is 5th Floor, Leconfield House, Curzon Street, W1J 5JA. The principal activity of the company during the year was that of property investment.

#### 1.1 Basis of accounting

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, and under the historical cost convention modified to include investment properties at fair value, as applicable to companies subject to the small companies regime.

#### 1.2 Reduced disclosures

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.

The financial statements of the Company are consolidated in the financial statements of Rotch Property Group Limited. The consolidated financial statements of Rotch Property Group Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

#### 1.3 Going concern

The directors have assessed the operation of the structure and the continuation and availability of limited support being provided by Rotch Property Group Limited (see note 11), the holding company, and have determined that the company has, or can expect to have, sufficient working capital for its needs for at least the next 12 months from the date of approval of these financial statements. In view of this the directors consider it appropriate to prepare the accounts on the going concern basis.

#### 1.4 Functional and presentational currencies

The financial statements are presented in sterling which is also the functional currency of the company.

#### 1.5 Investment properties

Investment properties are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in profit or loss.

## **HERBFRAME LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 MAY 2017**

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##### **1.7 Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the Company to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **1.8 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, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**1.8 Financial instruments (continued)**

***Financial assets***

Basic financial assets, which include trade and other receivables 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 liabilities and equity***

Financial instruments are classified as liabilities and equity instruments 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.

***Equity Instruments***

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

***Creditors***

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

***Derecognition of financial assets and liabilities***

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

**1.9 Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

***Critical accounting estimates and assumptions***

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

HERBFRAME LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

**1.9 Critical accounting estimates and areas of judgement (continued)**

*Valuation of investment properties*

The key accounting estimate in preparing these financial statements relates to the carrying value of the investment property which is stated at fair value. The company uses reports provided by Chartered Surveyors employed by the group's in house management company as a basis for determining the directors' estimation of the fair value of the investment properties. However, the valuation of the company's investment property is inherently subjective, as it is made on the basis of valuation assumptions which may in future not prove to be accurate.

*Deferred taxation*

Deferred tax liabilities are assessed on the basis of assumptions regarding the future, the likelihood that assets will be realised and liabilities will be settled, and estimates as to the timing of those future events and as to the future tax rates that will be applicable.

<b>2. Loss on ordinary activities before taxation</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
The loss on ordinary activities before taxation is stated after charging:		
- Auditor's remuneration	3,500	4,500
	<u>          </u>	<u>          </u>

**3. Employees and directors**

There were no employees during the year apart from the directors who received no emoluments.

<b>4. Taxation</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax	-	-
<b>Total current tax</b>	<u>          </u>	<u>          </u>
<b>Deferred tax</b>		
Deferred tax in respect of fair value gain on investment property	17,000	126,000
Deferred tax in respect of change in tax rates	(111,000)	(208,000)
<b>Total deferred tax</b>	<u>(94,000)</u>	<u>(82,000)</u>
<b>Total tax on loss on ordinary activities</b>	<u>(94,000)</u>	<u>(82,000)</u>

**HERBFRAME LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MAY 2017**

**4. Taxation (continued)**

Factors affecting the tax charge for the year.

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

	2017 £	2016 £
Loss on ordinary activities before tax	(246,889)	(1,820,688)
Loss on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 20% (2016: 20%).	(49,378)	(364,138)
Effects of:		
Non deductible expenses	-	503,238
Losses carried forward	-	-
Group relief (utilised)/surrendered	724	916
Transfer pricing	(24)	(16)
Effects of changes in tax rates and laws	-	-
Disallowable income – revaluation of property	(20,000)	(140,000)
Disallowable expenditure – write down of investment	68,678	-
Deferred tax in respect of fair value gain on investment property	17,000	126,000
Deferred tax in respect of change in tax rates	(111,000)	(208,000)
Tax credit	(94,000)	(82,000)

The deferred tax asset arising on the losses carried forward of £3,000 (2016: £3,000) has not been recognised as their utilisation in the foreseeable future is considered remote.

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 18 November 2015. As a result of the change in the UK main rates of corporation tax, the relevant unrecognised deferred tax balances have been remeasured.

**5. Investment properties**

	<b>Freehold Investment property</b>	
	2017 £	2016 £
<b>Fair Value</b>		
As at 1 June 2016	11,100,000	10,400,000
Revaluation	100,000	700,000
<b>As at 31 May 2017</b>	<b>11,200,000</b>	<b>11,100,000</b>

The property was valued as at 31 May 2017 at £11,200,000 (2016: £11,100,000) by the directors based on reports provided to them by Chartered Surveyors employed by the group's in house management company.

Valuations take into account tenure, lease terms, market conditions, inflation assumptions and sales prices based on known market transactions for similar properties.

**HERBFRAME LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MAY 2017**

**5. Investment properties (continued)**

If investment properties were stated on a historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	<b>Investment property</b>	
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Cost	1	1

The company's investment property is subject to a charge in connection with cross-guarantees and cross collateralisations of other group companies' investment properties as security for group loans (see note 9).

**6. Creditors: amounts falling due within one year**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Amounts owed to group undertakings	10,999	7,499

**7. Provision for liabilities**

	<b>Deferred tax</b>	<b>Provision for loan guarantee</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
1 June 2016	1,998,000	6,541,983	8,539,983
(Decrease)/increase in provision in the year	(94,000)	343,389	249,389
31 May 2017	1,904,000	6,885,372	8,789,372

As set out in note 9, the company's investment property is secured against loans taken out by fellow group undertakings. As at 31 May 2017 the company's estimate of its exposure under those security arrangements amounted to £6,885,372 (2016: £6,541,983) and an increase in the provision has been made during the year.

Provision for deferred tax liabilities is recognised by the company as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Assets measured at fair value	1,904,000	1,998,000

# HERBFRAME LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MAY 2017

#### 8. Share capital and reserves

##### Share capital

	2017 £	2016 £
Allotted, issued and fully paid: 2 ordinary shares of £1 each	2	2

##### *Ordinary share rights*

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

##### Reserves

Reserves of the Company represent the following:

##### *Retained earnings*

Cumulative profit and loss net of distributions to owners.

##### *Fair value reserve*

Cumulative gross revaluation gains on the company's investment property.

#### 9. Contingent liabilities

The company's investment property has been used as security against loans taken out by fellow group undertakings. The loans are secured by a fixed and floating charge over the company's investment property and by cross guarantees provided by fellow group companies and the cross-collateralisation of the properties owned by those fellow group companies. The total value of the loans subject to this arrangement as at 31 May 2017 was a liability of £99,513,841 (2016: £101,250,806). The fair value of the financial instruments also subject to this cross-collateralisation arrangement is a liability of £23,435,431 (2016: £20,027,633).

#### 10. Ultimate parent company and ultimate controlling party

The company's immediate holding company is Rotch Property Group Limited, which is domiciled and incorporated in England.

The parent undertaking of the smallest and largest group for which group accounts are prepared and of which the company is a member is Rotch Property Group Limited, which is registered in England. Copies of these group accounts are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The directors regard the ultimate holding company to be Sunnymist Limited a company incorporated in the British Virgin Islands.

The ultimate controlling party is the Tchenguiz Family Trust.