

Company Registration No. 10537775 (England and Wales)

50 HSS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018



50 HSS LIMITED

COMPANY INFORMATION

Directors	J Burchell B Hamburger
Company number	10537775
Registered office	First Floor Thavies Inn House 3-4 Holborn Circus London EC1N 2HA
Auditor	BDO LLP 55 Baker Street London W1U 7EU United Kingdom

50 HSS LIMITED

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50 HSS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the year ended 31 December 2018.

Principal activities

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

Directors

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

J Burchell
B Hamburger

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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;
- 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.

Auditor

BDO LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

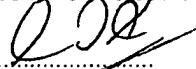
Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually 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 auditor is aware of that information.

Small company 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



J Burchell

Director

Date: 8/7/19

50 HSS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF 50 HSS LIMITED

Opinion

We have audited the financial statements of 50 HSS Limited (the 'company') for the year ended 31 December 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 December 2018 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

50 HSS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF 50 HSS 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 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 in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

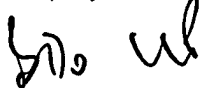
Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Levy (Senior Statutory Auditor)
for and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

8 JUL 2019

50 HSS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

		Year ended 31 December 2018 £	Period ended 31 December 2017 £
	Notes		
Revenue	3	525,176	432,116
Administrative expenses		(115,403)	(104,231)
Operating profit	4	409,773	327,885
Interest receivable and similar income		52	195
Interest payable and similar charges	6	(161,527)	(125,928)
Other gains and losses	7	1,753,657	(37,344)
Profit before taxation		2,001,955	164,808
Tax on profit	8	(338,898)	(38,700)
Profit for the financial year		1,663,057	126,108

The results stated above are derived from continuing activities.

50 HSS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Non-current assets					
Investment properties	9		9,500,000		7,530,000
Current assets					
Trade and other receivables	11	65,247		45,271	
Cash and cash equivalents		88,970		62,184	
		154,217		107,455	
Current liabilities	12	(3,547,069)		(3,357,977)	
Net current liabilities			(3,392,852)		(3,250,522)
Total assets less current liabilities			6,107,148		4,279,478
Non-current liabilities	13		(4,026,110)		(4,153,270)
Provisions for liabilities	14		(291,773)		-
Net assets			1,789,265		126,208
Equity					
Called up share capital	15		100		100
Retained earnings			1,789,165		126,108
Total equity			1,789,265		126,208

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 by the board of directors and authorised for issue on 8 JUL 2019 and are signed on its behalf by:


J Burchell
Director

Company Registration No. 10537775

50 HSS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017 AND 31 DECEMBER 2018

	Notes	Share capital £	Retained earnings £	Total £
Balance at 22 December 2016		-	-	-
Period ended 31 December 2017:				
Profit and total comprehensive income for the period		-	126,108	126,108
Issue of share capital on incorporation	15	100	-	100
Balance at 31 December 2017		100	126,108	126,208
Period ended 31 December 2018:				
Profit and total comprehensive income for the period		-	1,663,057	1,663,057
Balance at 31 December 2018		100	1,789,165	1,789,265

50 HSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

50 HSS Limited is a private company limited by shares incorporated in England and Wales. The registered office is First Floor, Thavies Inn House, 3-4 Holborn Circus, London, EC1N 2HA.

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 and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption in Financial Reporting Standard No.102 "Cash Flow Statements" Section 1.12B not to produce a cash flow statement on the grounds that it is a small company.

1.2 Going concern

The financial statements have been prepared on a going concern basis notwithstanding the company's net current liability position. The company's other loans totalling £3,227,337 are repayable only on the sale of the company's properties. Having reviewed the company's cash flow forecasts for the next 12 months and the company's expected net asset position, the directors consider that the company has substantial headroom to meet its financial obligations and liabilities as they fall due for the foreseeable future. Accordingly they have prepared the financial statements on a going concern basis.

1.3 Revenue

Revenue represents rental income, is recognised at the fair value of the consideration received and is shown net of VAT and other sales related taxes.

1.4 Investment properties

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.

50 HSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

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 statement of financial position 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 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 assets classified as receivable within one year are not amortised.

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.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from related 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.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2 Judgements and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

They have determined whether leases entered into by the company either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Other key sources of estimation uncertainty

Investment properties are valued annually using a yield methodology. This uses market rental values capitalised at a market capitalisation rate but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself.

3 Revenue

An analysis of the company's revenue is as follows:

	2018	2017
	£	£
Turnover		
Rental income	499,436	407,458
Service charge	25,740	24,658
	<u>525,176</u>	<u>432,116</u>

All the turnover arose within the United Kingdom.

4 Operating profit

	2018	2017
	£	£
Operating profit for the period is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	<u>5,700</u>	<u>4,500</u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was 2 (2017 - 2).

50 HSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

6 Interest payable and similar charges

	2018 £	2017 £
Interest on bank overdrafts and loans	152,687	119,298
Amortisation of loan arrangement fees	8,840	6,630
	<u>161,527</u>	<u>125,928</u>

7 Other gains and losses

	2018 £	2017 £
Fair value gains/(losses)		
Changes in the fair value of investment properties	<u>1,753,657</u>	<u>(37,344)</u>

8 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	<u>47,125</u>	<u>38,700</u>
Deferred tax		
Origination and reversal of timing differences	<u>291,773</u>	<u>-</u>
Total tax charge	<u>338,898</u>	<u>38,700</u>

9 Investment property

	2018 £
Fair value	
At 1 January 2018	7,530,000
Additions	216,343
Revaluations	<u>1,753,657</u>
At 31 December 2018	<u>9,500,000</u>

The investment property was valued on an open market basis by the directors at 31 December 2018 (based on a valuation by the asset manager).

The historical cost of the investment property was £7,783,687 (2017: £7,567,344)

50 HSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

10 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	20,100	8,528
Carrying amount of financial liabilities		
Measured at amortised cost	7,525,979	7,472,547

11 Trade and other receivables

	2018 £	2017 £
Amounts falling due within one year:		
Trade receivables	-	8,428
Other receivables	65,247	36,843
	65,247	45,271

12 Current liabilities

	2018 £	2017 £
Bank loan (secured)	127,160	127,160
Trade payables	67,858	149,016
Amounts due to group undertaking	3,227,337	2,958,000
Corporation tax	47,200	38,700
Other payables	77,514	85,101
	3,547,069	3,357,977

The amount owed to the group undertaking is unsecured and interest free and is expected to be repaid following a disposal of the company's investment property.

13 Non-current liabilities

	2018 £	2017 £
Bank loan (secured)	4,054,840	4,182,000
Loan arrangement fees	(28,730)	(28,730)
	4,026,110	4,153,270

The bank loan is secured by fixed and floating charges over the property owned by the company and is repayable on 2 February 2022. The interest rate is 3.00% plus base rate per annum.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

14 Provisions for liabilities

	2018 £	2017 £
Deferred tax liabilities	291,773	-

15 Called up share capital

	2018 £	2017 £
Ordinary share capital Issued and fully paid 100 Ordinary shares of £1 each	100	100
	100	100

16 Operating lease commitments

Lessor

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2018 £	2017 £
Due within one year	480,000	480,000
Due after one year but not later than five years	1,920,000	1,920,000
In over five years	11,616	491,616
	2,411,616	2,891,616

17 Related party transactions

During the year Tellon Capital Two LP made loans of £272,537 (2017 - £2,958,000) to the company. At the balance sheet date the company owed £3,230,537 (2017 - £2,958,000) to Tellon Capital Two LP in respect of amounts outstanding on an unsecured and interest free loan.

During the year Tellon Capital LLP charged acquisition fees of £nil (2017 - £102,000), management fees of £72,694 (2017 - £19,200) and development fees of £20,000 (2017 - £20,000) to the company.

18 Parent company

Tellon GP Limited, registered in Jersey, is the company's immediate parent entity.