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CREATIVITY ENTHUSIASM ENERGY VISION

MERJS (2006) LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2007



MERJS (2006) LIMITED

COMPANY INFORMATION

Directors

A I Jaye
A Sayer
P Land
P E Goldstein
M M Shipman
S L Stone
N Vaus
C A Becker

Secretary

P Land

Company number

2546849

Registered office

Acre House
11-15 William Road
London
NW1 3ER

Business address

26-28 Hallam Street
London
W1W 6NS

Auditors

H W Fisher & Company
Acre House
11-15 William Road
London
NW1 3ER

MERJS (2006) LIMITED

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MERJS (2006) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their report and accounts for the year ended 31 December 2007

Principal activities

The principal activity of the company continues to be that of property managers, valuers and estate agents

Directors

The directors who served during the year were:

A.I. Jaye
A. Sayer
P. Land
P. E. Goldstein
M. M. Shipman
S. L. Stone
N. Vaus
C. A. Becker

In accordance with the company's Articles of Association, A.I. Jaye, A. Sayer and P. Land retire by rotation and, being eligible, offer themselves for re-election

Charitable contributions

During the year the company made charitable contributions of £22,600 (2006 £17,315)

Disclosure of information to auditors

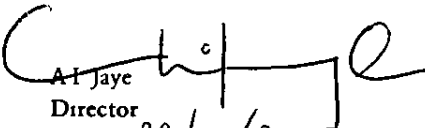
Each of the directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditors are unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

Auditors

A resolution proposing the reappointment of H. W. Fisher and Company as auditors will be put to the members at the next Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the Board


A.I. Jaye
Director
Dated 29/10/2008

MERJS (2006) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts are required by law to 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 accounts, the directors are required to

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

MERJS (2006) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accounts of MERJS (2006) Limited for the year ended 31 December 2007 set out on pages 4 to 15. These accounts have been prepared under the accounting policies set out on page 6.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are as described on page 2.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the accounts.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

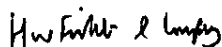
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion:

- * the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended,
- * the accounts have been properly prepared in accordance with the Companies Act 1985, and
- * the information given in the Directors' Report is consistent with the accounts.



H W Fisher & Company

Chartered Accountants

Registered Auditor

Acre House

11-15 William Road

London

NW1 3ER

United Kingdom

Dated 30/10/08

MERJS (2006) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

		2007	2006
	Notes	£	£
Turnover	2	2,911,126	3,115,225
Administrative expenses		(3,365,422)	(3,255,154)
Other operating income		145,652	387,789
Operating (loss)/profit	3	(308,644)	247,860
Interest receivable and similar income	6	226,050	200,208
Interest payable and similar charges	7	(5,566)	(5,634)
(Loss)/profit on ordinary activities before taxation		(88,160)	442,434
Tax on (loss)/profit on ordinary activities	8	(7,327)	(143,894)
(Loss)/profit on ordinary activities after taxation		(95,487)	298,540
Dividends	9	(82,500)	(151,000)
(Net deficit)/retained profit for the financial year		(177,987)	147,540
Retained profit brought forward		425,315	277,775
Retained profit carried forward		247,328	425,315

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

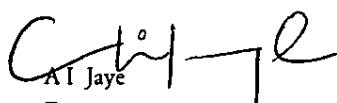
MERJS (2006) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2007

			2007	2006
	Notes	£	£	£
Fixed assets				
Tangible assets	10		220,068	198,422
Investments	11		100	100
			<u>220,168</u>	<u>198,522</u>
Current assets				
Debtors	12	549,953	1,315,670	
		<u>549,953</u>	<u>1,315,670</u>	
Creditors, amounts falling due within one year	13	(450,247)	(1,025,921)	
Net current assets			<u>99,706</u>	<u>289,749</u>
Total assets less current liabilities			<u>319,874</u>	<u>488,271</u>
Creditors, amounts falling due after more than one year	14		(54,369)	(52,106)
Provisions for liabilities and charges	15		(18,077)	(10,750)
			<u>247,428</u>	<u>425,415</u>
Capital and reserves				
Called up share capital	17		100	100
Profit and loss account			247,328	425,315
Shareholders' funds - all equity interests	18		<u>247,428</u>	<u>425,415</u>

The accounts were approved by the Board on 29/10/2008


 A I Jaye
 Director

MERJS (2006) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2007

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention

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 Turnover

Turnover represents the invoiced value of services provided net of VAT

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Computer equipment	33 33% straight line
Fixtures and fittings	15% reducing balance
Motor vehicles	25% reducing balance

1.4 Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are treated as if they had been purchased outright at the present value of the rentals payable, less finance charges, over the primary period of the agreements. The corresponding obligations under these agreements are included in creditors. The finance element of the rentals payable is charged to the profit and loss account so as to produce a constant rate of charge on the outstanding balance in each period.

Rental payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

1.5 Investments

Fixed asset investments are stated at cost less any provision for permanent diminution in value.

1.6 Pensions

The company operates defined contribution pension schemes. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

1.7 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

1.8 Group accounts

The company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption given by section 248 of the Companies Act 1985 not to prepare group accounts.

MERJS (2006) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2007

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 (loss)/profit	2007 £	2006 £
Operating (loss)/profit is stated after charging		
Depreciation of owned tangible fixed assets	41,171	34,836
Depreciation of tangible fixed assets held under finance leases and hire purchase contracts	29,413	21,253
Operating lease rentals		
- Plant and machinery	12,374	15,194
- Other assets	160,876	116,410
Auditors' remuneration	8,000	7,800

4 Directors' emoluments	2007 £	2006 £
Aggregate emoluments	708,963	743,689
Company contributions to defined contribution pension schemes	26,368	26,595
	<u>735,331</u>	<u>770,284</u>

Retirement benefits are accruing to 5 (2006- 7) directors under defined contribution schemes

Emoluments disclosed above include the following amounts paid to the highest paid director

Aggregate emoluments	<u>202,631</u>	<u>218,808</u>
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MERJS (2006) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2007

5 Employees

Number of employees

The average monthly number of employees during the year was

	2007 Number	2006 Number
Administration	42	40

Employment costs

	£	£
Wages and salaries	2,145,795	2,020,048
Social security costs	220,775	217,231
Pension costs	57,199	45,965
	<u>2,423,769</u>	<u>2,283,244</u>

6 Interest receivable and similar income

	2007 £	2006 £
Interest receivable and similar income	<u>226,050</u>	<u>200,208</u>

7 Interest payable and similar charges

	2007 £	2006 £
Interest payable on		
Bank loans and overdrafts	1,820	107
Finance lease and hire purchase contracts	3,746	5,327
Late payment of tax	-	200
	<u>5,566</u>	<u>5,634</u>

MERJS (2006) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2007

8	Tax on (loss)/profit on ordinary activities	2007 £	2007 £	2006 £	2006 £
	Current tax				
	<u>UK corporation tax</u>				
	Current tax on income for the period	-		145,644	
			-		145,644
	Deferred tax				
	Origination and reversal of timing differences	7,327		(1,750)	
			7,327		(1,750)
			7,327		143,894
	Factors affecting the tax charge for the year				
	(Loss)/profit on ordinary activities before taxation		(88,160)		442,434
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2006: 30.00%)		(26,448)		132,730
	Effects of				
	Expenses not deductible for tax purposes		8,010		9,437
	Capital allowances for period in excess of depreciation		(8,549)		3,843
	Group relief surrendered		26,987		-
	Other tax adjustments		-		(366)
	Current tax charge		-		145,644
9	Dividends			2007 £	2006 £
	Ordinary final paid			82,500	151,000

MERJS (2006) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2007

10 Tangible fixed assets

	Computer equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 January 2007	147,503	277,635	33,142	458,280
Additions	28,016	78,195	-	106,211
Disposals	(25,799)	-	(33,142)	(58,941)
At 31 December 2007	149,720	355,830	-	505,550
Depreciation				
At 1 January 2007	63,275	177,422	19,161	259,858
On disposals	(25,799)	-	(19,161)	(44,960)
Charge for the year	46,575	24,009	-	70,584
At 31 December 2007	84,051	201,431	-	285,482
Net book value				
At 31 December 2007	65,669	154,399	-	220,068
At 31 December 2006	84,228	100,213	13,981	198,422

Finance leases and hire purchase contracts

The net book value of tangible fixed assets includes an amount of £79,056 (2006 - £57,640) in respect of assets held under finance leases or hire purchase contracts

MERJS (2006) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2007

11 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 31 December 2007	100
At 31 December 2006	100

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
MERJS Employment Services Ltd	England	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

	Capital and reserves £	Profit for the year £
MERJS Employment Services Ltd	181,465	75,899

12 Debtors

	2007 £	2006 £
Trade debtors	253,673	450,196
Amounts owed by group undertakings	68,034	604,689
Other debtors	23,367	28,254
Prepayments and accrued income	204,879	232,531
	549,953	1,315,670

MERJS (2006) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2007

13 Creditors amounts falling due within one year	2007	2006
	£	£
Bank overdrafts	27,160	272,833
Net obligations under finance lease and hire purchase contracts	22,012	22,537
Trade creditors	46,575	54,579
Amounts owed to group undertakings	121,192	272,192
Corporation tax	-	145,644
Other taxes and social security costs	112,001	218,920
Directors current accounts	2,478	7,510
Accruals and deferred income	118,829	31,706
	<u>450,247</u>	<u>1,025,921</u>

The bank overdraft is secured over the assets of the company

14 Creditors: amounts falling due after more than one year	2007	2006
	£	£
Net obligations under finance leases and hire purchase contracts	<u>54,369</u>	<u>52,106</u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	22,012	22,537
Repayable between one and five years	54,369	32,868
	<u>76,381</u>	<u>55,405</u>
Included in liabilities falling due within one year	<u>(22,012)</u>	<u>(22,537)</u>
	<u>54,369</u>	<u>32,868</u>

MERJS (2006) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2007

15 Provisions for liabilities and charges

	Deferred taxation £
Balance at 1 January 2007	10,750
Profit and loss account	7,327
Balance at 31 December 2007	18,077

Deferred tax is provided at 30% (2006- 30%) analysed over the following timing differences

	2007 £	2006 £
Accelerated capital allowances	18,077	10,750

16 Pension costs

The company operates 2 defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds of £30,831 (2006 - £14,871). In addition contributions of £26,368 (2006 - £31,094) were paid into employees private pension schemes. No contributions were outstanding at the year end.

17 Share capital

	2007 £	2006 £
Authorised		
100 Ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

18 Reconciliation of movements in shareholders' funds

	£	£
(Loss)/profit for the financial year	(95,487)	298,540
Dividends	(82,500)	(151,000)
Net (depletion in)/addition to shareholders' funds	(177,987)	147,540
Opening shareholders' funds	425,415	277,875
Closing shareholders' funds	247,428	425,415

MERJS (2006) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2007

19 Commitments under operating leases

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2007	2006	2007	2006
	£	£	£	£
Expiry date				
Within one year	-	-	9,766	9,766
Between two and five years	157,024	116,410	-	-
	<u>157,024</u>	<u>116,410</u>	<u>9,766</u>	<u>9,766</u>

The company's commitment to land and buildings is subject to periodic rent review

20 Related party transactions

At the year end, the company owed £4,351 (2006 £8,862) to MERJS Employment Services Limited, a wholly owned subsidiary, and £116,841 was owed to (2006 £263,330) Ross Jaye Sayer (Holdings) Limited, the parent company

The company was charged £nil (2006 £7,500) by Nigel Ross Consultancy Limited and £190,685 (2006 £208,335) by Andrew Jaye Consultancy Limited for consultancy services Both companies are wholly owned subsidiaries of Ross Jaye Ventures Limited, a company in which N Ross and A Jaye are directors

At the year end the company was owed £nil (2006 £6,004) from MRJS Consultancy Limited, a company in which A Jaye and A Sayer are directors

The company trades in the ordinary course of business with Reeks Sinclair RJS Limited, a company in which A Sayer is a director and shareholder During the year MERJS (2006) Limited was charged £4,500 (2006 £17,771) by Reeks Sinclair RJS Limited for professional services A management fee of £98,738 (2006 £127,315) was charged by MERJS (2006) Limited to Reeks Sinclair RJS Limited At the year end Reeks Sinclair RJS Limited owed MERJS (2006) Limited £62,715 (2006 £84,311)

At the year end, £10,098 (2006 £312,219) was owed by MERJS Holdings Limited

During the year £985,674 (2006 £684,852) was charged to MERJS Limited for services and £57,936 (2006 £292,470) was owed by them at the year end

The company paid rent of £158,911 (2006 £113,410) to Freehold Properties LLP for the lease of land and buildings, Andrew Jaye has a significant interest in the LLP During the year the company paid £3,000 (2006 £3,000) to N Ross, A Jaye and A Sayer for the rent of a garage

At 31 December 2007, £811 (2006 £2,371) was owed to A Sayer, £403 (2006 £569) was owed to C Becker, £nil (2006 £4,570) was owed to A Jaye and £1,264 (2006 £nil) and was owed to N Vaus

The company trades in the ordinary course of business with Michael Elliot Limited, a company in which AM Shipman and P Goldstein are both directors' and shareholders' During the year MERJS (2006) Limited was charged £25,336 (2006 £nil) by Michael Elliot Limited for a sale The balance was outstanding at the year end

MERJS (2006) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2007

21 Controlling parties

The directors regard Ross Jaye Sayer Holdings Limited as the immediate parent company and MERJS Holdings Limited as the company's ultimate parent and controlling party, both companies are registered in England and Wales