

AMENDED

Majorarch Limited

Report and Financial Statements

Period ended

31 March 2019

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Majorarch Limited

Annual report and financial statements for the period ended 31 March 2019

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Directors

S Sund
J C Dodwell

Company secretary

J C Dodwell

Registered office

72, Grandison Road, London, SW11 6LN

Company number

2682493

Majorarch Limited

Report of the directors for the period ended 31 March 2019

The directors submit their report and financial statements for the period ended 31 March 2019. These are amended accounts which replace those previously sent to Companies House; they are the statutory accounts; they are prepared as they were at the date of the original accounts.

Results and dividends

The profit and loss account is set out on page 3 and shows the result for the year.

Principal activities

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

Directors

The directors of the company who served during the year are as follows:

S Sund
J C Dodwell

No director had any beneficial interest in the shares of the company during the current or previous year.

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period. In preparing those financial statements, the directors have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- prepared the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business (see note 13)

The directors are responsible for keeping adequate accounting records which 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.

Small company provisions

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

This report was approved by the board of directors on 6 December 2019 and signed on behalf of the board by:

John Dodwell - Director



Majorarch Limited

Statement of Income and Retained Earnings for the period ended 31 March 2019

| | Note | 2018 £ | 2019 £ |
|---|------|-----------------|-----------------|
| Turnover | 2 | 9,190 | 7,325 |
| Cost of sales | | (1,240) | (1,000) |
| Gross profit | | 7,950 | 6,325 |
| Administrative expenses | | - | - |
| Operating profit | 4 | 7,950 | 6,325 |
| Interest receivable | | - | - |
| Interest payable | | (34,500) | (34,500) |
| Profit/(Loss) on ordinary activities before taxation | | (26,550) | (28,175) |
| Taxation | | - | - |
| Profit/(loss) for the financial period | | (26,550) | (28,175) |
| Retained deficit brought forward | | (4,436,508) | (4,463,058) |
| Dividends paid | | - | - |
| Retained deficit carried forward | | (4,463,058) | (4,491,233) |

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

There are no movements in shareholders' funds apart from the loss for the period.

The notes on pages 5 to 11 form part of these financial statements

Majorarch Limited

Balance sheet as at 31 March 2019

| | Note | 2018 £ | 2018 £ | 2019 £ | 2019 £ |
|--|------|------------------|--------------------|------------------|--------------------|
| Current assets | | | | | |
| Work in progress | | 95,060 | | 95,060 | |
| Debtors | 6 | 201,706 | | 207,056 | |
| Cash at bank and in hand | | - | | - | |
| | | <u>296,766</u> | | <u>302,116</u> | |
| Creditors: amounts falling due within one year | 7 | <u>3,237,403</u> | | <u>3,236,428</u> | |
| Net current liabilities | | | (2,940,637) | | (1,553,618) |
| Creditors: amounts falling due after more than one year | 8 | | <u>(1,519,118)</u> | | <u>(1,484,618)</u> |
| Total Assets less Liabilities | | | <u>(4,459,755)</u> | | <u>(4,487,930)</u> |
| Capital and reserves | | | | | |
| Called up share capital | 9 | | 3,303 | | 3,303 |
| Profit and loss account | | | <u>(4,463,058)</u> | | <u>(4,491,233)</u> |
| Total equity - deficit | | | <u>(4,459,755)</u> | | <u>(4,487,930)</u> |

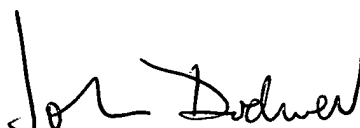
The directors have taken advantage of Section 477 of the Companies Act 2006 in not having these financial statements audited.

The directors confirm that no notice has been deposited under Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

These financial statements were approved by the Board on 6 December 2019 and were signed on its behalf by:

J C Dodwell
Director



The notes on pages 5 to 11 form part of these financial statements.

Majorarch Limited

Notes forming part of the financial statements for the period ended 31 March 2019

1. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the Companies Act 2006.

2. Accounting policies

Basis of accounting

The financial statements have been prepared on the historical cost basis, as modified (if necessary) by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

Turnover comprises sums receivable during the accounting period.

Tax

Deferred tax is provided, as necessary, on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred is accounted for in respect of all material timing differences. The company has not adopted a policy of discounting deferred tax assets and liabilities.

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

Investments

Fixed asset investments are initially recorded at cost and subsequently measured at fair value with changes in fair value being recognised in profit or loss.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Trade and other debtors

Trade and other debtors are initially recognised at the transaction price and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the debtors are stated at cost less impairment losses for bad and doubtful debts.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings or current liabilities.

Trade and other creditors

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Work in progress

Work in progress is valued at the lower of cost and net realisable value. Cost is based on the cost of sites acquired, materials used and labour, including finance costs, gross of tax, in respect of specific borrowings. Contracts relating to the purchase or sale of properties are dealt with in the accounts of the period in which the contracts are completed.

Related parties

For the purposes of these financial statements, a party is considered to be related to the Company if:

- (i) the party has the ability, directly or indirectly, through one or more intermediaries, to control the Company or exercise significant influence over the company in making financial and operating policy decisions, or has joint control over the Company;
- (ii) the Company and the party are subject to common control;
- (iii) the party is an associate of the Company or a joint venture in which the Company is a venturer;
- (iv) the party is a member of key management personnel of the Company or the Company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals;
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the Company or of any entity that is a related party of the Company; or
- (vii) the party, or any member of a group of which it is part, provides key management personnel services to the company or its parent.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

Financial instruments

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

3 Directors

No directors received any remuneration in the current or previous year.

4 Operating loss

| | 2018 £ | 2019 £ |
|--|-----------|-----------|
| This has been arrived at after charging: | | |
| Auditors' remuneration | - | - |
| | <hr/> | <hr/> |

Majorarch Limited

Notes forming part of the financial statements for the period ended 31 March 2019 (Continued)

5 Interest payable and similar charges

| | 2018 £ | 2019 £ |
|---------------------------------------|---------------|---------------|
| Loan stock interest | 34,500 | 34,500 |
| Less: transferred to work in progress | - | - |
| | <u>34,500</u> | <u>34,500</u> |

As at 31 March 2019, £Nil (2018 - £Nil) of interest is carried in work in progress.

6 Debtors

| | 2018 £ | 2019 £ |
|---------------|----------------|----------------|
| VAT | - | - |
| Trade debtors | - | 450 |
| Other debtors | 201,706 | 206,606 |
| | <u>201,706</u> | <u>207,056</u> |

All amounts shown under other debtors fall due for payment within one year; the sum is due from a company owned by a director (see note 12).

7 Creditors: amounts falling due within one year

| | 2018 £ | 2019 £ |
|------------------------------|------------------|------------------|
| Other Loan | 3,231,403 | 3,231,403 |
| Accruals and other creditors | 6,000 | 5,025 |
| | <u>3,237,403</u> | <u>3,236,428</u> |

The directors believe that Cleodel Investments Limited does not intend to call in the Other Loan outstanding in the foreseeable future.

Majorarch Limited

Notes forming part of the financial statements for the period ended 31 March 2019 (Continued)

8 Creditors: amounts falling due after more than one year

| | 2018 £ | 2019 £ |
|--------------------------------------|------------------|------------------|
| 15% unsecured loan stock | 230,000 | 230,000 |
| Unsecured 'B' loan stock | 666,700 | 666,700 |
| Loan stock interest due to investors | 622,418 | 656,918 |
| | <u>1,519,118</u> | <u>1,553,618</u> |

The loan stock is repayable on completion of the property and sale of all units

9 Share capital

| | 2018 £ | 2019 £ |
|---|--------------|--------------|
| <i>Authorised, allotted, called up and fully paid</i> | | |
| Ordinary shares of £1 each | 3,300 | 3,300 |
| Preference shares of £1 each | 3 | 3 |
| | <u>3,303</u> | <u>3,303</u> |

The preference shares are entitled to a preferential dividend amounting to not more than £3,609,507 and in the absence of profits do not have the right to any dividend. Preference shareholders have priority of repayment over ordinary shareholders in the event of liquidation. Preference shareholders do not have a right to vote except when an ordinary dividend is declared before the preference dividend has been paid or when there is a resolution to wind-up the company. The preference shares arose from a conversion of the then ordinary shares when the company was acquired from its previous owners.

The preference shareholder has an equal and opposite outstanding loan of £3,609,507 due to the company, arising from financial assistance given when the company was acquired from its previous owners.

In accordance with the terms of the underlying agreement, any shortfall in the preference dividend payable of £3,609,507 is matched by a reduction in the loan due from the preference shareholder. A provision of £3,609,507 was made in previous years against recovery of the loan balance reflecting the directors' forecast of the company's profits distributable as a preference dividend at the end of the development project. Having regard to the value of future sales and the amounts of future costs, the directors continue to consider that it is unlikely that there will be a preference dividend payable and so there is unlikely to be any loan recovery.

10 Reserves

The profit and loss account is the reserve that records retained earnings and accumulated losses.

| | Called-up Share Capital £ | Profit & Loss Account £ | Total £ |
|------------------------------|------------------------------------|-------------------------------|-------------|
| At 31 March 2018 | 3,303 | (4,463,058) | (4,459,755) |
| Profit/(loss) for the period | | (28,175) | (28,175) |
| Total comprehensive income | | (4,491,233) | (4,487,930) |

| | | | |
|------------------------------|-------|-------------|-------------|
| Dividends | | - | - |
| At 31 March 2019 | 3,303 | (4,491,233) | (4,487,930) |
| At 31 March 2017 | 3,303 | (4,436,508) | (4,433,205) |
| Profit/(loss) for the period | | (26,550) | (26,550) |
| Total comprehensive income | | (4,463,058) | (4,459,755) |
| Dividends | | - | - |
| At 31 March 2018 | 3,303 | (4,463,058) | (4,459,755) |

11 Ultimate controlling party

At the balance sheet date, the Company was controlled by Cleodel Investments Ltd, a company of which Mr S Sund is a director.

Majorarch Limited

Notes forming part of the financial statements for the period ended 31 March 2019 (*Continued*)

12 Related party transactions

Included within "Creditors: amounts falling due after more than one year" is £896,700 (2018 - £896,700) of loan stock which is held by former shareholders of the company. Also included within "Creditors: amounts falling due after more than one year" is £656,918 (2018- £622,418) of accrued loan stock interest. During the year loan stock interest of £Nil (2018 - £Nil) was charged to work in progress.

Transactions involving directors

Cleodel Investments Limited, a company of which S Sund is a director, is entitled to repayment of the Other Loan (see note 7).

Westferry Properties Limited, a company of which Stefan Sund is a director, owed the Company at 31 March 2019 £206,606 (2018: £201,706).

13 Going concern

The ability of the company to continue as a going concern requires both the continued support of its creditors (see note 7) and the non repayment of loan stock (see note 8).

The directors have not received unconditional support from the company's main creditor and the loan stock holders have the right to demand repayment of their monies upon the sale of the final units and the property.

Should the financial support be withdrawn by the creditors or the conditions materialise that result in the loan stock becoming repayable, then the directors would have to source alternative financing for the company to continue as a going concern.

Although the directors believe the company will continue as a going concern for the foreseeable future, the above uncertainties cast significant doubt on the ability to continue as a going concern and may impact on the company's ability to realise its assets and discharge its liabilities in the normal course of business.