

Company Registration No. 06371957 (England and Wales)

MERCHANT SQUARE RESIDENTIAL (BUILDINGS A&F) LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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MERCHANT SQUARE RESIDENTIAL (BUILDINGS A&F) LIMITED

COMPANY INFORMATION

Directors	B D G Jarvis J A Kiernander P O'Driscoll M R Turner
Secretary	J A Kiernander
Company number	06371957
Registered office	7 Harbet Road London W2 1AJ
Accountants	Grant Thornton UK LLP Grant Thornton House Melton Street London NW1 2EP

MERCHANT SQUARE RESIDENTIAL (BUILDINGS A&F) LIMITED

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MERCHANT SQUARE RESIDENTIAL (BUILDINGS A&F) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their annual report and financial statements for the year ended 31 December 2015.

Principal activities

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

On 31 March 2015 the company bought a development site for £200,000,000.

Directors

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

B D G Jarvis
J A Kiernander
P O'Driscoll
M R Turner

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 A Kiernander
Director
23 September 2016



P O'Driscoll
Director

MERCHANT SQUARE RESIDENTIAL (BUILDINGS A&F) LIMITED

INDEPENDENT PRACTITIONER'S REVIEW REPORT TO THE MEMBERS OF MERCHANT SQUARE RESIDENTIAL (BUILDINGS A&F) LIMITED

Report on the Financial Statements

We have reviewed the accompanying financial statements of Merchant Square Residential (Buildings A&F) Limited for the year ended 31 December 2015, which comprise the income statement, the statement of financial position and the notes to the financial statements.

This report is made solely to the company's members, as a body, in accordance with the terms of our engagement. Our review work has been undertaken so that we might state to the company's members those matters we are required to state to them in our 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 review work, for this report, or for the opinions we have formed.

Directors' Responsibility for the Financial Statements

Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements. ISRE (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fully, in all material respects, (or do not give a true and fair view of) the financial position of Merchant Square Residential (Buildings A&F) Limited as at 31 December 2015, and its financial performance for the year then ended, in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

Grant Thornton UK LLP

25/09/16

Grant Thornton House
Melton Street
London
NW1 2EP

MERCHANT SQUARE RESIDENTIAL (BUILDINGS A&F) LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	2014 £
Cost of sales		(114,480)	-
Administrative expenses		1,630,582	-
Operating profit	2	<u>1,516,102</u>	<u>-</u>
Interest receivable and similar income		2	-
Interest payable and similar expenses	3	<u>(3,086,520)</u>	<u>-</u>
Loss before taxation		(1,570,416)	-
Taxation		-	-
Loss for the financial year		<u><u>(1,570,416)</u></u>	<u><u>-</u></u>

MERCHANT SQUARE RESIDENTIAL (BUILDINGS A&F) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Notes	2015 £	£	2014 £	£
Current assets					
Development properties		202,495,205		-	
Debtors	4	465,541		-	
Cash at bank and in hand		13,831		-	
		<u>202,974,577</u>		<u>-</u>	
Creditors: amounts falling due within one year	5	<u>(206,179,831)</u>		<u>(1,634,838)</u>	
Net current liabilities			<u>(3,205,254)</u>		<u>(1,634,838)</u>
Capital and reserves					
Called up share capital	6		1		1
Profit and loss reserves			<u>(3,205,255)</u>		<u>(1,634,839)</u>
Total equity			<u>(3,205,254)</u>		<u>(1,634,838)</u>

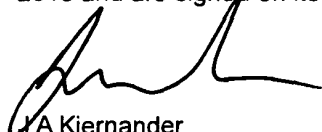
For the financial year ended 31 December 2015 the company was entitled to exemption from audit under section 477 of the Companies Act 2006.

Directors' responsibilities:

- The member has not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

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 23 September 2016 and are signed on its behalf by:


J A Kiernander
Director


P O'Driscoll
Director

Company Registration No. 06371957

MERCHANT SQUARE RESIDENTIAL (BUILDINGS A&F) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

Company information

Merchant Square Residential (Buildings A&F) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 7 Harbet Road, London, W2 1AJ.

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. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 December 2015 are the first financial statements of Merchant Square Residential (Buildings A&F) Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

The accounts have been prepared under the going concern basis as the immediate parent company, 1 Merchant Square (Jersey) Limited, has confirmed its willingness to support the company for the foreseeable future.

1.3 Development properties

Stocks of development properties are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the development properties to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.4 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.

MERCHANT SQUARE RESIDENTIAL (BUILDINGS A&F) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.5 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 debtors 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, 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.

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.

MERCHANT SQUARE RESIDENTIAL (BUILDINGS A&F) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 receipts 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 creditors 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

2 Operating profit

	2015	2014
	£	£
Operating profit for the year is stated after charging/(crediting):		
Write back of amounts owed to fellow subsidiary company	(1,634,838)	-

3 Interest payable and similar expenses

	2015	2014
	£	£
Interest payable and similar expenses includes the following:		
Interest payable to group undertakings	3,086,520	-

MERCHANT SQUARE RESIDENTIAL (BUILDINGS A&F) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

4 Debtors

	2015 £	2014 £
Amounts falling due within one year:		
Amounts due from group undertakings	342,796	-
Other debtors	122,745	-
	<u>465,541</u>	<u>-</u>

5 Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	77,885	-
Amounts due to group undertakings	206,066,053	1,634,838
Other creditors	35,893	-
	<u>206,179,831</u>	<u>1,634,838</u>

6 Called up share capital

	2015 £	2014 £
Ordinary share capital		
Issued and fully paid		
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

7 Parent company

The immediate parent company is 1 Merchant Square (Jersey) Limited, a company registered in Jersey.

The ultimate parent company and controlling party is ELG Holdings (Jersey) Limited, a company registered in Jersey.