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**GRAFTON QUARTER LIMITED**

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 10 FEBRUARY 2015 TO 31 DECEMBER 2015**

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**GRAFTON QUARTER LIMITED**

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 10 FEBRUARY 2015 TO 31 DECEMBER 2015**

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**GRAFTON QUARTER LIMITED**

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 10 FEBRUARY 2015 TO 31 DECEMBER 2015**

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**GENERAL INFORMATION**

**DIRECTORS**

George Tindley (Appointed 10 February 2015)

James Howard (Appointed 13 July 2015)

Nicola Hordern (Appointed 10 February 2015, resigned 13 July 2015)

**REGISTERED OFFICE**

33 Margaret Street  
London  
United Kingdom  
W1G 0JD

**ADMINISTRATOR**

Langham Hall UK Services LLP  
5 Old Bailey  
London  
United Kingdom  
EC4M 7BA

**COMPANY NO.**

09432756

## **GRAFTON QUARTER LIMITED**

### **DIRECTORS' REPORT FOR THE PERIOD FROM 10 FEBRUARY 2015 TO 31 DECEMBER 2015**

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The Directors present their report and the financial statements of Grafton Quarter Limited (the "Company") for the period from 10 February 2015 to 31 December 2015.

#### **INCORPORATION**

The Company was incorporated in England & Wales on 10 February 2015 with registered number 09432756.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the Company is solely to invest in Grafton Quarter Property Development LLP (GQPD LLP), an English Limited Liability Partnership whose principal activity is that of the acquisition and development of residential property.

#### **SUMMARY OF THE COMPANY'S ACTIVITIES FOR THE PERIOD**

The net loss for the period amounted to £42,738.

#### **DIRECTORS OF THE COMPANY**

The Directors of the Company during the period and subsequently are stated on page 3.

#### **GOVERNING LAW**


United Kingdom

The report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.



#### **BY ORDER OF THE BOARD**

Signed for and on behalf of Grafton Quarter Limited  
James Howard  
33 Margaret Street  
London  
W1G 0JD

Date:  September 2016

**GRAFTON QUARTER LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD FROM 10 FEBRUARY 2015 TO 31 DECEMBER 2015**

	Notes	From 10 February 2015 to 31 December 2015 £
Operating expenses	3	(42,550)
<b>Operating loss</b>		<b>(42,550)</b>
Net finance costs		(188)
<b>Loss on ordinary activities before taxation</b>		<b>(42,738)</b>
Taxation	4	-
<b>Total comprehensive loss for the period</b>		<b>(42,738)</b>
<b>Attributable to:</b>		
Shareholders		(39,804)
Non-controlling interests		(2,934)
		<b>(42,738)</b>

The accompanying notes on pages 8 to 12 form an integral part of these financial statements.

GRAFTON QUARTER LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015

	Notes	31 December 2015 £
<b>ASSETS</b>		
<b>Current assets</b>		
Inventory	6	8,447,157
Trade and other receivables	7	1,393,228
Cash and cash equivalents		443,056
<b>Total current assets</b>		<b>10,283,441</b>
<b>Total assets</b>		<b>10,283,441</b>
<b>Equity</b>		
Share capital		4,375,000
Non-controlling interest		372,066
Retained earnings		(39,804)
<b>Total equity</b>		<b>4,707,262</b>
<b>Current liabilities</b>		
Trade and other payables	8	228,719
<b>Net current liabilities</b>		<b>228,719</b>
<b>Non-current liabilities</b>		
Borrowing – long term	9	5,347,460
<b>Net non-current liabilities</b>		<b>5,347,460</b>
<b>Total liabilities</b>		<b>5,576,179</b>
<b>Total equity and liabilities</b>		<b>10,283,441</b>

For the period ended 31 December 2015, the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors Responsibilities:

- the members have not required the Company to obtain an audit of its accounts for the period 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 accounts; and
- these accounts 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 on 27 September 2016.



Director:  
James Howard

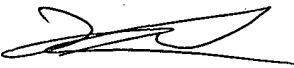
The accompanying notes on pages 8 to 12 form an integral part of these financial statements.

**GRAFTON QUARTER LIMITED**

**COMPANY STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015**

	Notes	31 December 2015 £
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investments	5	4,375,000
<b>Total non-current assets</b>		<b>4,375,000</b>
<b>Current assets</b>		
Trade and other receivables	7	1,050
Cash and cash equivalents		-
<b>Total current assets</b>		<b>1,050</b>
<b>Total assets</b>		<b>4,376,050</b>
<b>Equity</b>		
Share capital		4,375,000
Retained earnings		(5,550)
<b>Total equity</b>		<b>4,369,450</b>
<b>Current liabilities</b>		
Trade and other payables	8	6,600
<b>Net current liabilities</b>		<b>6,600</b>
<b>Total liabilities</b>		<b>6,600</b>
<b>Total equity and liabilities</b>		<b>4,376,050</b>

The financial statements were approved by the Board of Directors on 27 September 2016.

  
Director:  
James Howard

The accompanying notes on pages 8 to 12 form an integral part of these financial statements.

**1. Summary of significant accounting policies**

**1.1 Basis of preparation**

The financial statements of the Company have been prepared on the historical cost basis. The financial statements have also been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The consolidated financial statements incorporate the results of the Company, and its subsidiary undertakings, GQPD LLP, (together the "Group").

Subsidiary undertakings are entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation. The financial statements of subsidiary undertakings are included in the consolidated financial statements from the date that control commences until the date that control ceases.

**1.2 Applicable accounting policies**

This is the first period of account and therefore the current IFRS framework has been adopted in the accounting treatment of all transactions and balances.

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective and not relevant to the Company. These include:

IFRS14 Regulatory Deferral Accounts (amendment), effective for accounting periods beginning on or after 1 January 2016.

IFRS 15 Revenue from Contracts with Customers, effective for accounting periods beginning on or after 1 January 2017.

**1.3 Use of judgments and estimates**

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are as follows:

**Estimates and assumptions**

The basis of estimates and assumptions are reviewed regularly. The changes in accounting estimates are reported in the period of the change in estimate.

**Allowance for doubtful receivables**

Trade and other receivables are regularly reviewed to assess collectability, and a provision is made against those in doubt. As at 31 December 2015 no provision has been made against potential doubtful debts.

**1.4 Revenue recognition: stage of completion**

Revenue is recognised when the development asset has been completed and its legal title passes to the buyer or an unconditional exchange of contracts is entered into. It is recognised net of sales tax.

**1.5 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a 'qualifying asset' (one that necessarily takes a substantial period of time to get ready for its intended use or sale) are included in the cost of the asset. Borrowing costs have therefore been capitalised as part of the subsequent capital expenditure on the investment property.

**1.6 Inventory**

Inventory represents a development property which is held at the lower of cost and net realisable value. Costs comprise development expenditure and financing costs directly attributable to the project.



## GRAFTON QUARTER LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD FROM 10 FEBRUARY 2015 TO 31 DECEMBER 2015

#### 1. Summary of significant accounting policies (continued)

##### 1.7. Functional and presentational currency

The Company's accounts are presented in pounds sterling, which is the functional currency of the Company and the currency of the primary economic environment in which the entity operates.

##### 1.8 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other asset. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

##### 1.9 Financial Instruments

###### Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Receivables are discounted where the time value of money is material. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

###### Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call with banks, together with other short term highly liquid investments with original maturities of three months or less and working capital overdraft, which are subject to an insignificant risk of changes in value.

###### Borrowings

Borrowings are financial liabilities, which are initially measured at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest rate method.

###### Trade and other payables

Trade payables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate method. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

#### 2 List of Subsidiaries

	% interest 31 December 2015	Country
Grafton Quarter Property Development LLP	92.11%	United Kingdom

#### 3 Operating expenses

	From 10 February 2015 to 31 December 2015 £
Administration fees	19,550
Legal and professional fees	18,000
Audit fees	5,000
	<u>42,550</u>

**GRAFTON QUARTER LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE PERIOD FROM 10 FEBRUARY 2015 TO 31 DECEMBER 2015****4 Taxation**

Profits arising in the Company are subject to UK Corporation Tax, currently at the rate of 20%. As the Company is currently loss making, no provision for taxation is made in these financial statements.

**5 Investments**

**31 December 2015**  
£

Equity investments	<u>4,375,000</u>
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The investment represents the company's share capital contributions in GQPD LLP.

**6 Inventory**

**31 December 2015**  
£

Development property	<u>8,447,157</u>
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Included within development property are capitalised borrowing costs of £597,459. The property is in the stage of development and proceeding in line with the planned timescale. Consequently, the Directors consider there is no impairment required to the cost of the property.

**7 Trade and other receivables****Group**

**31 December 2015**  
£

Other receivables	39,600
Prepayments	1,050
VAT receivable	1,352,578
	<u>1,393,228</u>

**Parent**

**31 December 2015**  
£

Prepayments	1,050
	<u>1,050</u>

The above carrying value of trade and other receivables is equivalent to its fair value.

**GRAFTON QUARTER LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE PERIOD FROM 10 FEBRUARY 2015 TO 31 DECEMBER 2015**

**8 Trade and other payables**

**Group**

**31 December 2015**  
**£**

Accounts payable	92,610
Accruals	37,009
Amounts due to related parties (Note 10)	99,100
	<u>228,179</u>

**Parent**

**31 December 2015**  
**£**

Amounts due to related parties (Note 10)	6,600
	<u>6,600</u>

The above carrying value of trade and other payables is equivalent to its fair value.

**9 Borrowing – long term**

**31 December 2015**  
**£**

Discounted bonds	5,347,460
	<u>5,347,460</u>

The discounted bonds were issued on 1 March 2015 at a price of 72.03p. The total price of the bonds at issue was £4,750,000. All discounted bonds issued have a redemption price of 100p and a redemption date of 30 September 2017. The total redemption value is £6,594,475.

The Directors consider the discounted bonds to be held in line with the provisions of the bond instrument, and the carrying value has increased by £597,460 since their issue owing to the unwinding of the discount.

**10 Related party disclosure**

During the period, the GQPD LLP issued discounted bonds to Prime London Residential Development Jersey II Master Holding Limited (PLRD II JMH), the Company's shareholder, at a value of £4,375,000. At the period end date the bond value had risen to £4,925,292.

During the period, the GQPD LLP issued discounted bonds to Brasted Investments (Woolwich) Limited, a designated member of the GQPD LLP, at a value of £375,000. At the period end date the bond value had risen to £422,168. Also, GQPD LLP owed £5,000 to Brasted Investments (Woolwich) Limited in respect of excess equity injected.

During the period, Prime London Residential Development II LP (PLRD II LP) made payments on behalf of the Company totalling £6,600. At the period end date £6,600 was due to PLRD II LP and this is included in amounts due to related parties in note 8.

**10 Related party disclosure (continued)**

During the period, Prime London Residential Development II GP LLP (PLRD II GP LLP) charged the GQPD LLP property advisory fees of £87,500. At the period end date, the GQPD LLP owed £43,750 to PLRD II GP LLP.

During the period, PLRD II LP made payments of £43,750 on behalf of the GQPD LLP. At the period end date, the GQPD LLP owed £43,750 to PLRD II LP.

Urbanwise Development Limited (Urbanwise) and a designated member, Brasted Investments (Woolwich) Limited, are under common control. During the period, the LLP was charged £116,833 by Urbanwise for development management services. At the period end date, the LLP owed £nil to Urbanwise.

**11 Contingencies and commitments**

As at 31 December 2015, the Directors are not aware of any possible obligations that may arise from past events.

**12 Post balance sheet events**

Subsequent events have been evaluated up to the date the financial statements were approved and authorised for issue by the Board of Directors.

PLRD II LP issued an interest bearing loan to the Company on 18 August 2016 of £900,000 for working capital.