
GRAFTON QUARTER LIMITED

**AUDITED ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**



GRAFTON QUARTER LIMITED

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GRAFTON QUARTER LIMITED

DIRECTORS AND OTHER INFORMATION

DIRECTORS

George Tindley
James Howard

ADMINISTRATOR

Langham Hall UK Services LLP
8th Floor
1 Fleet Place
London EC4M 7RA
United Kingdom

INDEPENDENT AUDITOR

KPMG LLP
15 Canada Square
London E14 5GL
United Kingdom

COMPANY'S REGISTERED ADDRESS

33 Margaret Street
London W1G 0JD
United Kingdom

COMPANY NO.

09432756

GRAFTON QUARTER LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited Financial Statements of Grafton Quarter Limited (the "Company") for the year ended 31 December 2018.

INCORPORATION

The Company was incorporated in England & Wales on 10 February 2015 with registered no. 09432756.

PRINCIPAL ACTIVITIES

The Company was incorporated 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.

The Directors have assessed the financial position and envisage the Company being liquidated within 12 months of the approval of these financial statements. Therefore, the financial statements have not been prepared on a going concern basis.

SUMMARY OF THE COMPANY'S ACTIVITIES FOR THE YEAR

The net profit for the year amounted to £1,459,380 (2017: loss of £9,043).

The Directors do not recommend a dividend for the year (2017: £nil).

DIRECTORS OF THE COMPANY

The Directors of the Company during the year are stated on page 3.

DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its Directors during the year. These remain in force at the date of this report.

GOVERNING LAW

United Kingdom

INDEPENDENT AUDITOR

KPMG LLP was appointed as auditor for the year ended 31 December 2018. A resolution to re-appoint them will be proposed at a subsequent board meeting of the Directors.

DISCLOSURE OF INFORMATION TO AUDITOR

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information



BY ORDER OF THE BOARD

Signed for and on behalf of Grafton Quarter Limited
James Howard
33 Margaret Street
London
W1G 0JD
Date: 36 September 2019

GRAFTON QUARTER LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors of Grafton Quarter Limited ('the Directors') are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' Section 1A, the small entities regime.

Company law requires the Directors to prepare financial statements for each financial year which 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 year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so. As explained in note 1.2 the financial statements have not been prepared on a going concern basis for the reasons set out in that note.

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 financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Opinion

We have audited the financial statements of Grafton Quarter Limited (the "Company") for the year ended 31 December 2018, which comprise the Statement of Profit and Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

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 UK accounting standards applicable to smaller entities, including Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard, and the provisions available for small entities, in the circumstances set out in note 1 to the financial statements. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the Directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Emphasis of matter - non-going concern basis of preparation

We draw attention to the disclosure made in note 1.2 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

Other matter - prior period financial statements

We note that the prior period financial statements were not audited. Consequently ISAs (UK) require the auditor to state that the corresponding figures contained within these financial statements are unaudited. Our opinion is not modified in respect of this matter.

Directors' report

The Directors are responsible for the Directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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 Long (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

30 September 2019

GRAFTON QUARTER LIMITED

**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	For the year ended 31 December 2018 £	For the year ended 31 December 2017 (unaudited) £
Expenses			
Operating expenses	2	(13,839)	(9,043)
Operating loss		(13,839)	(9,043)
Gain on sale	5	1,473,219	-
Profit/(loss) before taxation		1,459,380	(9,043)
Taxation	4	-	-
Total comprehensive income/(loss) for the year		1,459,380	(9,043)

All items dealt with in arriving at the total comprehensive income for the year ended 31 December 2018 and loss for the year ended 31 December 2017 related to continuing operations.


The accompanying notes on pages 11 to 15 form an integral part of these financial statements.

GRAFTON QUARTER LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

	Notes	31 December 2018 £	31 December 2017 (unaudited) £
Assets			
Non current assets			
Investment in subsidiary	5	-	4,375,000
Total non current assets		-	4,375,000
Current assets			
Debtors	6	5,849,346	1,085
Total current assets		5,849,346	4,376,085
Total Assets		5,849,346	4,376,085
Equity			
Share capital	8	4,375,000	4,375,000
Retained earnings		1,433,683	(25,697)
Total equity		5,808,683	4,349,303
Current liabilities			
Creditors	7	40,663	26,782
Total current liabilities		40,663	26,782
Total equity and liabilities		5,849,346	4,376,085

The financial statements on pages 8 to 15 were approved and authorised for issue by the Board of Directors on 30 September 2019 and were signed on its behalf by:



Director:
James Howard

The accompanying notes on pages 11 to 15 form an integral part of these financial statements.

GRAFTON QUARTER LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Share capital £	Retained earnings £	Total equity £
<u>Unaudited</u>			
Opening balance at 1 January 2017	4,375,000	(16,654)	4,358,346
Total comprehensive loss for the year	-	(9,043)	(9,043)
Balance at 31 December 2017	4,375,000	(25,697)	4,349,303
Opening balance at 1 January 2018	4,375,000	(25,697)	4,349,303
Total comprehensive income for the year	-	1,459,380	1,459,380
Balance at 31 December 2018	4,375,000	1,433,683	5,808,683

The accompanying notes on pages 11 to 15 form an integral part of these financial statements.

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

1. Summary of significant accounting policies

1.1 Basis of preparation

The audited financial statements have been prepared under United Kingdom Accounting Standards, including Financial Reporting Standard 102 'the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' Section 1A, the small entities regime.

For the year ending 31 December 2018, the Company has taken the exemption from preparing consolidated financial statements under FRS 102 Section 1A.

For the year ending 31 December 2017, the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

1.2 Going concern

The financial statements have not been prepared on a going concern basis, which the Directors believe to be appropriate for the following reasons. The company sold its only investment within the year ending 31 December. The Directors are now in the process of winding up the Company and envisage this will be completed within 12 months of the approval of the financial statements. There was no impact on reported amounts as a result of this change.

1.3 Cash flow

A cash flow statement has not been prepared as the Company does not hold a bank account and such statement is not a requirement under FRS 102 Section 1A. Payments are made on its behalf by Prime London Residential Development II LP (PLRD II LP), the Company's ultimate parent.

1.4 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.

1.5 Operating expenses

Operating expenses are recognised on an accruals basis in the Statement of Profit and Loss and Other Comprehensive income in the period in which they are incurred.

1.6 Investment in subsidiary

Investment in subsidiary is held at cost less any impairment.

1.7 Financial instruments

(i) Financial assets

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets include debtors, which are initially recognised at transaction price, 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 are recognised when the Company becomes a party to the contractual provisions of the instrument. Such financial assets are subsequently measured at amortised cost using the effective interest rate method.

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

1. Summary of significant accounting policies (continued)

1.7 Financial instruments (continued)

(ii) Financial assets (continued)

At the end of each reporting period, financial assets are measured at amortised cost and assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated further cash flows discounted at the original effective interest rates. The impairment loss is recognised in the Statement of Profit and Loss and Other Comprehensive Income.

If there is a decrease in impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The impairment reversal is recognised in the Statement of Profit and Loss and Other Comprehensive Income.

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

(iii) Financial liabilities

Basic financial liabilities consist of creditors and are initially measured at transaction price. Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities as the accounts are prepared on a break-up basis. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Financial assets and liabilities are offset and 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.

1.8 Fair value measurement

Under section 11 of FRS 102, fair value is classified as one of the following:

Level 1 – The best evidence of fair value is a quoted price for an identical asset in an active market. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted price is usually the current bid price.

Level 2 – When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the entity can demonstrate that the last transaction price is not a good estimate of fair value (e.g. because it reflects the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale), that price is adjusted.

Level 3 – If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

There have been no transfers during the year between levels.

1.9 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.

GRAFTON QUARTER LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018****1. Summary of significant accounting policies (continued)****1.10 Related party transactions**

The Company discloses transactions with related parties. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Director, separate disclosure is necessary to understand the effect of the transactions on the Company's financial statements.

1.11 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resource will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

1.12 Critical accounting judgements, estimation and assumptions

The Director's continually evaluate the estimates and assumptions concerning the future based on historical experience and adjusted for current market conditions and other factors. There have been no significant estimates, assumptions and judgements made within the accounts.

2. Operating expenses

	For the year ended 31 December 2018	For the year ended 31 December 2017 (unaudited)
	£	£
Administration fees	6,432	6,013
Legal and professional fees	3,407	3,030
Audit Fees	4,000	-
	<u>13,839</u>	<u>9,043</u>

3. Staff Costs

The Company has no staff and no remuneration was paid to the directors during the year (2017: none)

4. Taxation

	For the year ended 31 December 2018	For the year ended 31 December 2017 (unaudited)
	£	£
Profit/(loss) on ordinary activities before tax	1,459,380	(9,043)
Tax at the UK corporation tax rate - 19% (2017: 19%)	277,282	-
Group relief claimed	(277,282)	-
Total tax charge	<u>-</u>	<u>-</u>

Profits arising in the Company are subject to UK Corporation Tax, currently at the rate of 19% (2017: 19%). The tax amount for the year is £277,282 (2017: £nil) which has been offset against group losses using group relief, thereby resulting in no tax charge during the year (2017: £nil).

GRAFTON QUARTER LIMITED

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

5. Investment in subsidiary

	31 December 2018	31 December 2017 (unaudited)
	£	£
GQPD LLP	-	4,375,000
Closing balance as at 31 December	-	4,375,000

On 13 June 2018 the Company sold its entire interest in GQPD LLP (92.00%). The Company recognised a gain on sale of £1,473,219. The registered address of GQPD LLP is 14 Berkeley Street, Mayfair, London, W1J 8DX, United Kingdom.

6. Debtors

	31 December 2018	31 December 2017 (unaudited)
	£	£
Prepayments	1,127	1,085
Receivable from GQPD LLP sale	179,605	-
Amounts due from related party (Note 9)	5,668,614	-
	5,849,346	1,085

The above carrying value of debtors is equivalent to its fair value.

7. Creditors

	31 December 2018	31 December 2017 (unaudited)
	£	£
Trade payables	3,030	-
Amounts due to related party (Note 9)	29,838	23,842
Accrued expenses	7,795	2,940
	40,663	26,782

The above carrying value of creditors is equivalent to its fair value.

8. Share Capital

	31 December 2018	31 December 2017 (unaudited)
	£	£
Issued and paid 4,375,000 ordinary shares of £1 each	4,375,000	4,375,000
	4,375,000	4,375,000

The holders of ordinary shares are entitled to vote as members at board meetings of the Company.

9. Related party disclosure

As at the period end date, Prime London Residential Development Jersey II Master Holding Limited owed £5,668,614 (2017: £nil) to the Company in relation to GQPD LLP sale and this is included in amounts due from related party in Note 6.

During the year, PLRD II LP made payments on behalf of the Company totalling £5,996 (2017: £8,976). As at the year end £29,838 (2017: £23,842) was due to PLRD II LP and this is included in amounts due to related parties in Note 8.

GRAFTON QUARTER LIMITED

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

10. Contingencies and commitments

As at 31 December 2018, the Directors are not aware of any possible obligations that may arise from past events.

11. Ultimate controlling party

The ultimate controlling party of the Company is the ultimate parent, PLRD II LP and its financial statements are available at 33 Margaret Street, London, W1G 0JD, United Kingdom.

The immediate parent of the Company is Prime London Residential Development Jersey II Master Holding Limited and its financial statements are available at 3rd Floor, Liberation House, Castle Street, St Helier, Jersey, JE1 1BL, Channel Islands.

The smallest and largest entities that prepare consolidated accounts which includes this Company are PLRD II LP and its financial statements are available at 33 Margaret Street, London, W1G 0JD, United Kingdom.

12. Subsequent events

Subsequent events have been evaluated up to the date the financial statements were approved and authorised for issue by the Board of Directors and there are no material events to be disclosed in these financial statements.