

Registration number 09432756

GRAFTON QUARTER LIMITED

**AUDITED ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**



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 2020.

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 Prime London Residential Development Fund II ("the Fund") life expired on March 2020. The Fund is the ultimate parent of the group. The financial statements have therefore not been prepared on a going concern basis. Prime London Residential Development II LP ("PLRD II LP") has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, they will continue to make available such funds as required by the Company. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. The process of orderly liquidation of the assets is continuing, as permitted under the Fund documents. Management estimate that all remaining assets will be sold by the end of 2022. The Company is expected to be wound up upon completion of the sales.

During 2020 the extent of the Covid-19 impact to national markets and the global economy has been extensive, with governments having to provide substantial financial stimulus packages to local businesses and the wider economy.

Whilst 2021 looks more positive with vaccine roll outs being implemented in many jurisdictions, the local and global economic outlook still remains uncertain. The fund and members continue to closely monitor the impact of Covid-19 on the real estate sector, the wider economy and the Fund's related issues.

SUMMARY OF THE COMPANY'S ACTIVITIES FOR THE YEAR

The net loss for the year amounted to £46,860 (2019: £72,583).

The Directors do not recommend a dividend for the year (2019: £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 re-appointed as auditor for the year ended 31 December 2020. A resolution to re-appoint them will be proposed at a subsequent board meeting of the Directors.

GRAFTON QUARTER LIMITED

DIRECTORS' REPORT (continued)

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.

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



BY ORDER OF THE BOARD

Signed for and on behalf of Grafton Quarter Limited
James Howard
33 Margaret Street
London
W1G 0JD
Date: 23 July 2021

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.

GRAFTON QUARTER LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAFTON QUARTER LIMITED

Opinion

We have audited the financial statements of Grafton Quarter Limited ("the Company") for the year ended 31 December 2020 which comprise the Statement of profit and loss and other comprehensive income, Balance sheet, 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 2020 and of its loss 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. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

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 are not prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to the Company's policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no material revenue transactions. We did not identify any additional fraud risks.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the management (as required by auditing standards), and discussed with management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

GRAFTON QUARTER LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAFTON QUARTER LIMITED (CONTINUED)

Fraud and breaches of laws and regulations – ability to detect (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover those reports 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 those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have 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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, 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.

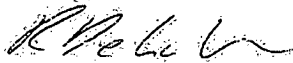
A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

GRAFTON QUARTER LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAFTON QUARTER LIMITED (CONTINUED)

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 De La Rue (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London, E14 5GL

30 July 2021

GRAFTON QUARTER LIMITED**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	For the year ended 31 December 2020 £	For the year ended 31 December 2019 £
Expenses			
Operating expenses	2	(46,860)	(55,079)
Operating loss		(46,860)	(55,079)
Loss on sale	5	-	(17,504)
Profit before taxation		(46,860)	(72,583)
Taxation	4	-	-
Loss and total comprehensive loss for the year		(46,860)	(72,583)

The accompanying notes on pages 13 to 16 form an integral part of these financial statements.

GRAFTON QUARTER LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

Registration number 09432756

	Notes	31 December 2020 £	31 December 2019 £
Assets			
Debtors	6	5,830,715	5,830,715
Total current assets		5,830,715	5,830,715
Total Assets		5,830,715	5,830,715
Equity			
Share capital	8	4,375,000	4,375,000
Retained earnings		1,314,240	1,361,100
Total equity		5,689,240	5,736,100
Current liabilities			
Creditors	7	141,475	94,615
Total current liabilities		141,475	94,615
Total equity and liabilities		5,830,715	5,830,715

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 10 to 16 were approved and authorised for issue by the Board of Directors on 23 July 2021 and were signed on its behalf by:



Director:
James Howard

The accompanying notes on pages 13 to 16 form an integral part of these financial statements.

GRAFTON QUARTER LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital £	Retained earnings £	Total equity £
Opening balance at 1 January 2019	4,375,000	1,433,683	5,808,683
Total comprehensive loss for the year	-	(72,583)	(72,583)
Balance at 31 December 2019	4,375,000	1,361,100	5,736,100
Opening balance at 1 January 2020	4,375,000	1,361,100	5,736,100
Total comprehensive loss for the year	-	(46,860)	(46,860)
Balance at 31 December 2020	4,375,000	1,314,240	5,689,240

The accompanying notes on pages 13 to 16 form an integral part of these financial statements.

GRAFTON QUARTER LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****1. Summary of significant accounting policies****1.1 Basis of preparation**

The 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 2020 and 31 December 2019, the Company has taken the exemption from preparing consolidation financial statements under FRS 102 Section 1A.

1.2 Going concern

The fund life expired on March 2020. The financial statements therefore continue to not be prepared on a going concern basis. The Fund life is due to expire in March 2022, following investor approval of a second single-year Fund life extension. The process of orderly liquidation of the assets is continuing, as permitted under the Fund documents. Management forecast that all remaining assets will be liquidated by the end of 2022 and expect the timeframe will allow for developments to be completed and the units to be sold in accordance with the existing project plan.

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 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.

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.

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.

GRAFTON QUARTER LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020****1. Summary of significant accounting policies (continued)****1.7 Financial instruments (continued)****(i) Financial assets (continued)**

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.

(ii) 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.

Creditor 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.

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 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

GRAFTON QUARTER LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020****2. Operating expenses**

	For the year ended 31 December 2020	For the year ended 31 December 2019
	£	£
Administration fees	6,190	7,267
Legal and professional fees	36,301	42,706
Audit Fees	4,369	5,106
	46,860	55,079

3. Staff Costs

The Company has no staff and no remuneration was paid to the directors during the year (2019: none)

4. Taxation

Profits arising in the Company are subject to UK Corporation Tax, currently at the rate of 19% (2019: 19%). As the Company is currently loss making and future taxable profits are not sufficiently probable, no recognition of deferred tax assets is made in these financial statements.

5. Loss on sale

On 13 June 2018 the Company sold its entire interest in Grafton Quarter Property Development LLP (92.00%) and recognised a gain on sale. During the year 2019 the Company has written-off an irrecoverable debt against the gain on sale. The registered address of GQPD LLP is 14 Berkeley Street, Mayfair, London, W1J 8DX, United Kingdom.

6. Debtors

	31 December 2020	31 December 2019
	£	£
Amounts due from related party (Note 9)	5,830,715	5,830,715
	5,830,715	5,830,715

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

7. Creditors

	31 December 2020	31 December 2019
	£	£
Trade payables	3,210	8,117
Amounts due to related party (Note 9)	128,907	76,268
Accrued expenses	9,358	10,230
	141,475	94,615

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

GRAFTON QUARTER LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020****8. Share Capital**

	31 December 2020	31 December 2019
	£	£
Issued and paid 4,375,000 ordinary shares of £1 each	4,375,000	4,375,000
	<u>4,375,000</u>	<u>4,375,000</u>

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 £5,830,715 (2019: £5,830,715) 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, Prime London Residential Development II LP made payments on behalf of the Company totalling £52,639 (2019: £46,430). As at the year end £128,907 (2019: £76,268) was due to PLRD II LP and this is included in amounts due to related parties in Note 7.

10. Contingencies and commitments

As at 31 December 2020, 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, Prime London Residential Development 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 Third Floor, Liberation House, Castle Street, St Helier, Jersey, JE1 2LH, 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.