

MCET LIMITED
Registered Number: SC 215839
Annual Report and Accounts
For the year ended 31 July 2018

THURSDAY



S7L7LC80

SCT

20/12/2018

#341

COMPANIES HOUSE

MCET LIMITED
Annual Report and Accounts
For the year ended 31 July 2018

Contents

Company Information	1
Directors' Report	2
Independent auditors' report to the shareholders of MCET Limited	3-4
Profit & loss account	5
Balance sheet	6
Statement of changes in equity	7
Notes to the financial statements	8-11

MCET LIMITED

Company Information

as at 31 July 2018

Directors

Alan J Hartley
Brian Adair

Secretary

Gregor Murray

Registered number

SC 215839

Registered address

The Merchants' Hall
22 Hanover Street
Edinburgh
EH2 2EP

Auditors

Henderson Loggie
Ground Floor
11-15 Thistle Street
Edinburgh
EH2 1DF

Solicitors

Morton Fraser
Quartermile Two
2 Lister Square
Edinburgh EH3 9GL

Principal bankers

The Royal Bank of Scotland plc
36 St Andrew Square
Edinburgh
EH2 2YB

MCET LIMITED

Directors' Report

For the year ended 31 July 2018

The Directors present the annual report with the financial statements of the company for the year ended 31 July 2018.

Principal activities

The principal activity of the company in the period under review was to own and provide property for rent.

Directors

The directors in office during the period were as follows

Alan J Hartley
Brian Adair

Directors' responsibilities

The Directors are responsible for preparing the annual report and 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). The financial statements are required by law to 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 period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for maintaining proper accounting records which 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 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.

Auditors

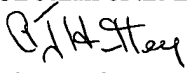
Henderson Loggie were appointed auditors to the company during the period and in accordance with Section 485 of the Companies Act 2006 are willing to be re-appointed.

Approval of the Directors' report

So far as each Director is aware, there is no relevant audit information of which the auditors are unaware. Each Director has taken the appropriate steps as a Director to make themselves aware of such information and to establish that the auditors are aware of it.

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

On behalf of the Board:


Alan Hartley
Director

5 December 2018

MCET LIMITED

Independent Auditors' Report to the Shareholders

For the year ended 31 July 2018

Opinion

We have audited the financial statements of MCET Limited (the 'company') for the year ended 31 July 2018 which comprise the profit and loss account, the Balance Sheet and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

MCET LIMITED

Independent Auditors' Report to the Shareholders

For the year ended 31 July 2018

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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 in preparing the director's report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.



Andrew Niblock (Senior Statutory Auditor)
For an on behalf of Henderson Loggie, Statutory Auditors
Ground Floor
11-15 Thistle Street
Edinburgh
EH2 1DF

14 December 2018

MCET LIMITED

Profit and Loss Account

For the year ended 31 July 2018

	Notes	2018 £	2017 £
Turnover – Property rent	1	355,216	355,216
Gross profit		355,216	355,216
Administrative expenses		(19,944)	(14,805)
Operating profit	2	335,272	340,411
Interest received		47	18
Interest paid		-	(536)
Profit on ordinary activities before taxation		335,319	339,893
Taxation	4	-	-
Profit for the year	9	335,319	339,893

The notes on pages 8 to 11 form part of these financial statements.

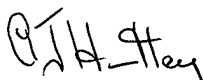
MCET LIMITED

Balance Sheet

As at 31 July 2018

	Notes	2018 £	2018 £	Restated 2017 £	Restated 2017 £
Fixed assets					
Investment property	4		4,910,000		4,910,000
Current assets					
Debtors	5	323,734		369,973	
Cash at bank and in hand		22,340		337,191	
		<u>346,074</u>		<u>707,164</u>	
Creditors: amounts falling due within one year	6	<u>(153,512)</u>		<u>(270,028)</u>	
Net current assets/liabilities			<u>192,562</u>		<u>437,136</u>
Total assets less current liabilities			<u>5,102,562</u>		<u>5,347,136</u>
Provision for liabilities and charges	7		<u>(137,700)</u>		<u>(153,900)</u>
Net assets			<u><u>4,964,862</u></u>		<u><u>5,193,236</u></u>
Capital and reserves					
Called up share capital	8		4,129,207		4,129,207
Non-distributable property reserve			672,300		656,100
Distributable Reserve			163,355		407,929
Total shareholders' funds			<u><u>4,964,862</u></u>		<u><u>5,193,236</u></u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and were approved by the Board of Directors on 5 December 2018 and signed on its behalf by:



Alan Hartley, Director

The notes on pages 8 to 11 form part of these financial statements.

MCET LIMITED

Statement of changes in equity

For the year ended 31 July 2018

	Called up share capital	Non- distributable property reserve	Restated Distributable reserve	Total
	£	£	£	£
Restated at 1 Aug 2016	4,129,207	648,000	159,030	4,936,237
Profit for the year	-	-	339,893	339,893
Movement on deferred tax	-	8,100	-	8,100
Gift aid donation	-	-	(340,994)	(340,994)
Issue of ordinary shares	250,000	-	-	250,000
Extinguishing 250,000 of the issued ordinary shares of £1 each	(250,000)	-	250,000	-
Restated at 31 July 2017	4,129,207	656,100	407,929	5,193,236
Profit for the year	-	-	335,319	335,319
Movement on deferred tax	-	16,200	-	16,200
Gift aid donation	-	-	(579,893)	(579,893)
At 31 July 2018	4,129,207	672,300	163,355	4,964,862

The notes on pages 8 to 11 form part of these financial statements.

MCET LIMITED

Notes to the Financial Statements

For the year ended 31 July 2018

1 Statement of accounting policies

MCET is a private company limited by Shares incorporated in Scotland. The registered office is as per page 1.

Accounting Convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standards applicable in the UK and Republic of Ireland” (“FRS 102”). The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosures are required to show a true and fair view.

The financial statements are prepared in sterling, which is the function currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

Prior period restatement

In preparing the financial statements, the trustees have considered whether in applying the accounting policies required by FRS 102, the restatement of comparative items was required. The triennial review of FRS102 issued in December 2017 requires a restatement to recognise gift aid donations to the parent entity when paid rather than when committed by the board. A reconciliation of opening balances is set out below:

Reconciliation of reserves balances at 1 August 2016

	Share capital £	Non- distributable property reserve £	Distributable reserve £	Total reserves £
Reserves held under previous GAAP	4,129,207	408,000	(181,964)	4,355,243
Adjustments:				
Gift aid payment paid out post year end	-	-	340,994	340,994
Reserves restated	4,129,207	408,000	159,030	4,696,237

Reconciliation of reserves balances at 31 July 2017

Reserves held under previous GAAP	4,129,207	656,100	68,036	4,853,343
Adjustments:				
Gift aid payment paid out post year end	-		339,893	339,893
Reserves restated	4,129,207	656,100	407,929	5,193,236

Going concern

As recommended by the Financial Reporting Council, the directors have considered the company’s trading prospects over the next 12 months. On the basis of the budgets prepared and having considered the company’s cashflow and asset position, the directors believe it is appropriate to prepare the financial statements on a going concern basis.

MCET LIMITED

Notes to the Financial Statements

For the year ended 31 July 2018

1 Statement of Accounting Policies (*continued*)

Turnover

Rental income is included in the profit and loss account in the period to which it relates.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. The company's liability for current tax is calculated using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

Debtors

Debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any trade discounts due.

Creditors and Provisions

Creditors and provisions are recognised where the company has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial Instruments

The company has only financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2 Operating profit

	2018	2017
Operating profit is stated after charging:	£	£
Auditors' remuneration	<u>1,520</u>	<u>1,740</u>

3 Remuneration of Directors

The directors and the company secretary are considered to be key management. No Director or Secretary received any remuneration in the year or in the prior year.

There were no employees in the year or in the prior year.

MCET LIMITED

Notes to the Financial Statements

For the year ended 31 July 2018

4 Investments

Investment Properties

	Albany House 2018 £	Hillside Street 2018 £	Total Heritable Property 2018 £	Total Heritable Property 2017 £
Valuation at 31 July 2017 and 31 July 2018	<u>4,800,000</u>	<u>110,000</u>	<u>4,910,000</u>	<u>4,910,000</u>

Albany House was valued on 28 September 2006 by Ryden LLP, Property Consultants. The Directors consider the current values shown above are representative of the market value at 31.7.18 of their investment properties.

5 Debtors

	2018 £	2017 £
Prepayments and accrued income	<u>323,734</u>	<u>369,973</u>

6 Creditors: amounts falling due within one year

	2018 £	Restated 2017 £
Social security and other taxation	20,843	39,056
Accruals and deferred income	32,128	130,444
Amounts due to the Royal Company of Merchants	13	-
Inter-company – Merchant Company Endowments Trust	100,528	100,528
	<u>153,512</u>	<u>270,028</u>

7 Provisions for liabilities and charges

	Note	2018 £	2017 £
Deferred tax liability		£	£
Deferred tax provision on revalued assets		<u>137,700</u>	<u>153,900</u>
The movement on the deferred tax asset in the year was as follows:			
		£	£
At 1 August 2017		153,900	162,000
Movement in the year		<u>(16,200)</u>	<u>(8,100)</u>
At 31 July 2018		<u>137,700</u>	<u>153,900</u>

MCET LIMITED

Notes to the Financial Statements

For the year ended 31 July 2018

8 Share capital

	2018 £	2017 £
Authorised equity interests:		
Ordinary shares of £1 each	<u>4,250,000</u>	<u>4,250,000</u>
Allotted, called up and fully paid:		
Ordinary shares of £1 each	4,129,207	4,129,207
Ordinary shares of £1 each were issued 10	-	250,000
Ordinary shares of £1 each were cancelled 10	-	(250,000)
	<u>4,129,207</u>	<u>4,129,207</u>

9 Related party transactions

Some of the staff and overhead expenses of the company are met by the Edinburgh Merchant Company, a connected entity, and are recharged to the company. The value of the recharge this year was £11,197 (2017: £10,924).

The company made a donation of £579,893 (2017: £340,994) to its ultimate parent, the Merchant Company Endowments Trust, during the year. The amount due to the Trust at the year end and included within creditors was £100,528 (2017: £100,528).

10 Ultimate parent undertaking and controlling party

The ultimate parent undertaking is The Merchant Company Endowments Trust, a charitable trust registered in Scotland. Copies of the group financial statements are available from the Merchants' Hall, 22 Hanover Street, Edinburgh, EH2 2EP.