Company Registration No. SC302421 (Scotland)

# MERCHANT HOMES LIMITED

## FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 JULY 2018

## PAGES FOR FILING WITH REGISTRAR

COMPANIES HOUSE
EDINBURGH

30 APR 2019

FRONT DESK

TUESDAY

*S84IAPNC*
SCT 30/04/2019 #148
COMPANIES HOUSE

# MERCHANT HOMES LIMITED

## COMPANY INFORMATION

| | |
|---|---|
| **Directors** | A M Brander<br>Ms L McLuskie<br>R Ferguson<br>J Jack |
| **Secretary** | Mr A J Minty |
| **Company number** | SC302421 |
| **Registered office** | Merchant House<br>Watermark Business Park<br>365 Govan Road<br>Glasgow<br>G51 2SE |
| **Auditor** | Campbell Dallas Audit Services<br>Titanium 1<br>King's Inch Place<br>Renfrew<br>PA4 8WF |

# MERCHANT HOMES LIMITED

## CONTENTS


| | Page |
|---|---|
| Balance sheet | 1 |
| Statement of changes in equity | 2 |
| Notes to the financial statements | 3 - 9 |

# MERCHANT HOMES LIMITED

## BALANCE SHEET

### *AS AT 31 JULY 2018*

| | Notes | 2018 £ | 2018 £ | 2017 £ | 2017 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Investments | 4 | | 1 | | 1 |
| **Current assets** | | | | | |
| Stocks | | - | | 515,902 | |
| Debtors | 6 | 883,321 | | 624,128 | |
| Cash at bank and in hand | | 25,368 | | 30,708 | |
| | | 908,689 | | 1,170,738 | |
| **Creditors: amounts falling due within one year** | 7 | (907,935) | | (1,215,758) | |
| **Net current assets/(liabilities)** | | | 754 | | (45,020) |
| **Total assets less current liabilities** | | | 755 | | (45,019) |
| **Capital and reserves** | | | | | |
| Called up share capital | 8 | | 7,500 | | 7,500 |
| Profit and loss reserves | | | (6,745) | | (52,519) |
| **Total equity** | | | 755 | | (45,019) |

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered 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 29th April 2019 and are signed on its behalf by:

R Ferguson
**Director**

**Company Registration No. SC302421**

# MERCHANT HOMES LIMITED

## STATEMENT OF CHANGES IN EQUITY

***FOR THE YEAR ENDED 31 JULY 2018***

| | Share capital | Profit and loss reserves | Total |
|---|---|---|---|
| | £ | £ | £ |
| **Balance at 1 August 2016** | 7,500 | (51,937) | (44,437) |
| **Year ended 31 July 2017:** | | | |
| Loss and total comprehensive income for the year | - | (582) | (582) |
| **Balance at 31 July 2017** | 7,500 | (52,519) | (45,019) |
| **Year ended 31 July 2018:** | | | |
| Profit and total comprehensive income for the year | - | 45,774 | 45,774 |
| **Balance at 31 July 2018** | 7,500 | (6,745) | 755 |

## 1 Accounting policies

**Company information**

Merchant Homes Limited is a private company limited by shares incorporated in Scotland. The registered office is Merchant House, Watermark Business Park, 365 Govan Road, Glasgow, G51 2SE.

### 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.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, *reconciliation of opening and closing number and weighted average exercise price of share* options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Merchant Homes Partnerships Limited. These consolidated financial statements are available from its registered office, Merchant House, 365 Govan Road, Watermark Business Park, Glasgow, G51 2SE.

### 1.2 Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future. However, the directors are aware of certain material uncertainties which may cause doubt on the company's ability to continue as a going concern.

At 31 July 2018 the company has net assets of £755. Financial support will be provided by the holding company to ensure that the company can continue to meet its liabilities as they fall due.

**1 Accounting policies** **(Continued)**

**1.3 Turnover**

Where the company is engaged in construction contracts turnover represents the value of work done during the year ascertained by reference to contract measurement.

On the balance sheet a contract represents an asset where the gross value of work done exceeds payments to account on that contract. These are disclosed within debtors as amounts recoverable on contract.

Where the company develops and sell properties turnover represents the sales value of the properties and is recognised at the point of legal completion.

**1.4 Fixed asset investments**

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

**1.5 Stocks**

Stocks 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 stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

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.

Profit is taken on long term contracts when their outcome has been foreseen with reasonable certainty. In determining the amount of profit taken at the year end, the main facts considered are the experience of similar contracts and the estimated stage of completion. Anticipated losses are provided in full.

**1.6 Cash at bank and in hand**

Cash at bank and in hand 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.

**1.7 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 balance sheet 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.

**1 Accounting policies** **(Continued)**

***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.

***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.

***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 payments 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.

**1.8 Equity instruments**

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

**1.9 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. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

**1 Accounting policies** **(Continued)**

***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1.10 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.11 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

**2 Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

***Profit recognition on long term contracts***

Profit recognition on long term contracts is based on management's best estimate of the stage of completion of each contract. This is based on the best available information along with their experience of similar contracts. If applicable the level of loss is based on forecasts, which can be determined with reasonable certainty.

### 3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 0 (2017 - 0).

### 4 Fixed asset investments

| | 2018 £ | 2017 £ |
|---|---|---|
| Investments | 1 | 1 |

This represents their investment within the group company Merchant Partnerships Limited.

**Movements in fixed asset investments**

| | Shares in group undertakings £ |
|---|---|
| **Cost or valuation** | |
| At 1 August 2017 & 31 July 2018 | 1 |
| **Carrying amount** | |
| At 31 July 2018 | 1 |
| At 31 July 2017 | 1 |

### 5 Subsidiaries

Details of the company's subsidiaries at 31 July 2018 are as follows:

| Name of undertaking | Registered office | Nature of business | Class of shares held | % Held Direct |
|---|---|---|---|---|
| Merchant Partnerships Limited | Scotland | Dormant | Ordinary | 100 |

### 6 Debtors

| Amounts falling due within one year: | 2018 £ | 2017 £ |
|---|---|---|
| Amounts owed by group undertakings | 346,644 | - |
| Other debtors | 536,677 | 624,128 |
| | 883,321 | 624,128 |

## 7 Creditors: amounts falling due within one year

| | Notes | 2018 £ | 2017 £ |
|---|---|---|---|
| Other borrowings | | - | 80,000 |
| Trade creditors | | 59,827 | 107,972 |
| Amounts owed to group undertakings | | - | 382,879 |
| Corporation tax | | 11,872 | 1,024 |
| Other taxation and social security | | 985 | 985 |
| Other creditors | | 501 | 637,148 |
| Accruals and deferred income | | 834,750 | 5,750 |
| | | 907,935 | 1,215,758 |

## 8 Called up share capital

| | 2018 £ | 2017 £ |
|---|---|---|
| **Ordinary share capital** | | |
| **Issued and fully paid** | | |
| 7,500 Ordinary of £1 each | 7,500 | 7,500 |
| | 7,500 | 7,500 |

## 9 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Greig McKnight.
The auditor was Campbell Dallas Audit Services.

## 10 Related party transactions

| | Purchases of goods and services | |
|---|---|---|
| | 2018 | 2017 |
| | £ | £ |
| Other related parties | 924,000 | - |

The following amounts were outstanding at the reporting end date:

| | 2018 | 2017 |
|---|---|---|
| **Amounts owed to related parties** | £ | £ |
| Other related parties | 829,000 | 6,526 |

The following amounts were outstanding at the reporting end date:

| | 2018 Balance |
|---|---|
| **Amounts owed by related parties** | £ |
| Other related parties | 536,677 |

| | 2017 Balance |
|---|---|
| **Amounts owed in previous period** | £ |
| Other related parties | 622,677 |

The company has taken advantage of exemption, under the terms of the Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

## 11 Parent company

The company's parent undertaking at the balance sheet date was Merchant Homes Partnerships Limited.

Mr A Brander and Ms L McLuskie are the ultimate controlling parties by means of their equal ownership of the company's parent company; Merchant Homes Partnerships Limited, registered in Scotland.