Company Registration No. SC302421 (Scotland)

# MERCHANT HOMES LIMITED

# ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS

# FOR THE PERIOD ENDED 31 JANUARY 2020



# 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 |

# MERCHANT HOMES LIMITED

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# MERCHANT HOMES LIMITED

## DIRECTORS' REPORT

## *FOR THE PERIOD ENDED 31 JANUARY 2020*

The directors present their annual report and financial statements for the Period ended 31 January 2020.

**Principal activities**
The principal activity of the company continued to be that of the development of building projects and the construction of domestic buildings.

**Directors**
The directors who held office during the Period and up to the date of signature of the financial statements were as follows:

A M Brander
Ms L McLuskie
R Ferguson
J Jack

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

On behalf of the board

.....

R Ferguson
**Director**

Date: 6TH NOVEMBER 2020

# MERCHANT HOMES LIMITED

## PROFIT AND LOSS ACCOUNT

### *FOR THE PERIOD ENDED 31 JANUARY 2020*

| | Period ended 31 January 2020 £ | Year ended 31 July 2018 £ |
|---|---|---|
| **Turnover** | - | 1,479,885 |
| Cost of sales | - | (1,422,631) |
| **Gross profit** | - | 57,254 |
| Administrative expenses | (2,427) | (53) |
| **Operating (loss)/profit** | (2,427) | 57,201 |
| Interest payable and similar expenses | - | (579) |
| **(Loss)/profit before taxation** | (2,427) | 56,622 |
| Tax on (loss)/profit | - | (10,848) |
| **(Loss)/profit for the financial Period** | (2,427) | 45,774 |

# MERCHANT HOMES LIMITED

## BALANCE SHEET

## *AS AT 31 JANUARY 2020*

| | Notes | 2020 £ | £ | 2018 £ | £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Investments | 3 | | 1 | | 1 |
| **Current assets** | | | | | |
| Debtors | 5 | 603.714 | | 883,321 | |
| Cash at bank and in hand | | 25,031 | | 25,368 | |
| | | 628.745 | | 908,689 | |
| **Creditors: amounts falling due within one year** | 6 | (630,418) | | (907,935) | |
| **Net current (liabilities)/assets** | | | (1,673) | | 754 |
| **Total assets less current liabilities** | | | (1,672) | | 755 |
| **Capital and reserves** | | | | | |
| Called up share capital | 7 | | 7,500 | | 7,500 |
| Profit and loss reserves | | | (9,172) | | (6,745) |
| **Total equity** | | | (1,672) | | 755 |

For the financial Period ended 31 January 2020 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the Period in question in accordance with section 476.

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

The financial statements were approved by the board of directors and authorised for issue on 6th November 2020. and are signed on its behalf by:

R Ferguson
**Director**

**Company Registration No. SC302421**

# MERCHANT HOMES LIMITED

## STATEMENT OF CHANGES IN EQUITY

## *FOR THE PERIOD ENDED 31 JANUARY 2020*

| | Share capital | Profit and loss reserves | Total |
|---|---|---|---|
| | £ | £ | £ |
| **Balance at 1 August 2017** | 7,500 | (52,519) | (45,019) |
| **Period ended 31 July 2018:** | | | |
| Profit and total comprehensive income for the period | - | 45,774 | 45,774 |
| **Balance at 31 July 2018** | 7,500 | (6,745) | 755 |
| **Period ended 31 January 2020:** | | | |
| Loss and total comprehensive income for the period | - | (2,427) | - |
| **Balance at 31 January 2020** | 7,500 | (9,172) | - |

## 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

### 1.3 Reporting period

[ FRS 102 3.10 An entity shall present a complete set of financial statements (including comparative information as set out in paragraph 3.14) at least annually. When the end of an entity's reporting period changes and the annual financial statements are presented for a period longer or shorter than one year, the entity shall disclose the following: (a) that fact; (b) the reason for using a longer or shorter period; and (c) the fact that comparative amounts presented in the financial statements (including the related notes) are not entirely comparable. ]

### 1.4 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.

### 1.5 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.

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 and cash equivalents

Cash and cash equivalents 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

***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

***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.

## 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 Fixed asset investments

| | 2020 | 2018 |
|---|---|---|
| | £ | £ |
| Investments | 1 | 1 |

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

## 3 Fixed asset investments

**Movements in fixed asset investments**

| | Shares in group undertakings £ |
|---|---|
| **Cost or valuation** | |
| At 1 August 2018 & 31 January 2020 | 1 |
| **Carrying amount** | |
| At 31 January 2020 | 1 |
| At 31 July 2018 | 1 |

## 4 Subsidiaries

Details of the company's subsidiaries at 31 January 2020 are as follows:

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

## 5 Debtors

| Amounts falling due within one year: | 2020 £ | 2018 £ |
|---|---|---|
| Trade debtors | - | - |
| Amounts owed by group undertakings | - | 346,644 |
| Other debtors | 603,714 | 536,677 |
| | 603,714 | 883,321 |

## 6 Creditors: amounts falling due within one year

| | 2020 £ | 2018 £ |
|---|---|---|
| Bank loans and overdrafts | - | - |
| Trade creditors | 26,376 | 59,827 |
| Amounts owed to group undertakings | 595,217 | - |
| Corporation tax | - | 11,872 |
| Other taxation and social security | 985 | 985 |
| Other creditors | 1,000 | 501 |
| Accruals and deferred income | 6,840 | 834,750 |
| | 630,418 | 907,935 |

## 7 Called up share capital

| | 2020 | 2018 |
|---|---|---|
| | £ | £ |
| **Ordinary share capital** | | |
| **Issued and fully paid** | | |
| 7,500 Ordinary of £1 each | 7,500 | 7,500 |

## 8 Related party transactions

| | Purchases of goods and services | |
|---|---|---|
| | 2020 | 2018 |
| | £ | £ |
| Other related parties | - | 924,000 |

The following amounts were outstanding at the reporting end date:

| | 2020 | 2018 |
|---|---|---|
| **Amounts owed to related parties** | £ | £ |
| Other related parties | 595,217 | 829,000 |

The following amounts were outstanding at the reporting end date:

| | 2018 Balance |
|---|---|
| **Amounts owed in previous period** | £ |
| Other related parties | 536,677 |

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.

## 9 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.