

Company Registration No. SC393098 (Scotland)

M2 THREE LIMITED
ANNUAL REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

WEDNESDAY



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COMPANIES HOUSE

M2 THREE LIMITED

COMPANY INFORMATION

Directors	I Butchart D T Milloy E M Young A A King
Secretary	K M Park
Company number	SC393098
Registered office	201 West George Street Glasgow United Kingdom G2 2LW
Auditor	Johnston Carmichael LLP 227 West George Street Glasgow G2 2ND

M2 THREE LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditor's report	3 - 5
Group statement of comprehensive income	6
Group balance sheet	7
Company balance sheet	8
Group statement of changes in equity	9
Company statement of changes in equity	10
Notes to the financial statements	11 - 20

M2 THREE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the company and group continued to be that of development building projects.

Directors

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

I Butchart
D T Milloy
E M Young
A A King

Auditor

Johnston Carmichael LLP were appointed as auditor to the group and deemed to be reappointed in accordance with section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

M2 THREE LIMITED

DIRECTORS' REPORT (CONTINUED)

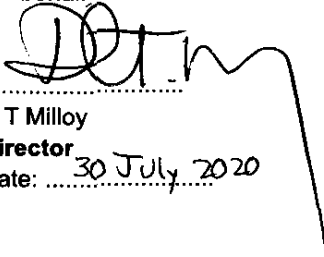
FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

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

On behalf of the board



D T Milloy

Director

Date: 30 July 2020

M2 THREE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF M2 THREE LIMITED

Opinion

We have audited the financial statements of M2 Three Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity and 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 group's and of the parent company's affairs as at 31 December 2019 and of the group's loss 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 group 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.

Other matter

The figures for the comparative year have not been audited.

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 group's or the parent 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

M2 THREE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF M2 THREE LIMITED

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 group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 directors' 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 group's and the parent 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 group or the parent 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.

M2 THREE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF M2 THREE LIMITED

Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our 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.


Hugh Boyle (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

3 August 2020

**Chartered Accountants
Statutory Auditor**

227 West George Street
Glasgow
G2 2ND

M2 THREE LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
	Notes	£	unaudited £
Turnover	2	14,788	6,161
Cost of sales		(42,766)	(13,146)
Gross loss		(27,978)	(6,985)
Administrative expenses		(15,903)	(800)
Goodwill amortisation credit	5	491,734	204,889
Exceptional item	3	-	(20,052)
Operating profit		447,853	177,052
Share of results of associates and joint ventures		(797,254)	-
Tax on (loss)/profit		-	-
(Loss)/profit for the financial year		(349,401)	177,052
Total comprehensive income for the year		(349,401)	177,052

(Loss)/profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

M2 THREE LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019		2018 unaudited	
		£	£	£	£
Fixed assets					
Total intangible assets	5	(286,844)		(778,578)	
Investments	6	1,734,478		2,531,732	
		<u>1,447,634</u>		<u>1,753,154</u>	
Current assets					
Stocks		196,000		196,000	
Debtors	10	18,374		19,513	
Cash at bank and in hand		1,683		3,618	
		<u>216,057</u>		<u>219,131</u>	
Creditors: amounts falling due within one year	11	(1,572,338)		(1,516,734)	
Net current liabilities		<u>(1,356,281)</u>		<u>(1,297,603)</u>	
Total assets less current liabilities		<u>91,353</u>		<u>455,551</u>	
Creditors: amounts falling due after more than one year	12	(263,701)		(278,498)	
Net (liabilities)/assets		<u>(172,348)</u>		<u>177,053</u>	
Capital and reserves					
Called up share capital	14	1		1	
Profit and loss reserves		(172,349)		177,052	
Total equity		<u>(172,348)</u>		<u>177,053</u>	

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

The financial statements were approved by the board of directors and authorised for issue on 30 July 2020 and are signed on its behalf by:

D T Milloy
Director

AA King
Director

M2 THREE LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2019

		2019		2018 unaudited	
	Notes	£	£	£	£
Fixed assets					
Investments	6		1,107,572		1,107,572
Current assets					
Debtors	10	2,801		1	
Cash at bank and in hand		367		-	
		3,168		1	
Creditors: amounts falling due within one year	11	(1,145,658)		(1,107,424)	
Net current liabilities			(1,142,490)		(1,107,423)
Total assets less current liabilities			(34,918)		149
Capital and reserves					
Called up share capital	14		1		1
Profit and loss reserves			(34,919)		148
Total equity			(34,918)		149

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £35,067 (2018 - £148 profit).

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 30 July 2020 and are signed on its behalf by:

.....
D T Milloy
Director

.....
A A King
Director

Company Registration No. SC393098

M2 THREE LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2018	1	-	-
	<hr/>	<hr/>	<hr/>
Year ended 31 December 2018:			
Profit and total comprehensive income for the year	-	177,052	177,052
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	1	177,052	177,052
	<hr/>	<hr/>	<hr/>
Year ended 31 December 2019:			
Loss and total comprehensive income for the year	-	(349,401)	(349,401)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	1	(172,349)	(172,348)
	<hr/>	<hr/>	<hr/>

M2 THREE LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2018	1	-	1
Year ended 31 December 2018:			
Profit and total comprehensive income for the year	-	148	148
Balance at 31 December 2018	1	148	149
Year ended 31 December 2019:			
Loss and total comprehensive income for the year	-	(35,067)	(35,067)
Balance at 31 December 2019	1	(34,919)	(34,918)

M2 THREE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

M2 Three Limited ("the company") is a private limited company domiciled and incorporated in Scotland. The registered office is 201 West George Street, C/O Miller Developments, Glasgow, G2 2LW.

The group consists of M2 Three Limited and all of its subsidiaries.

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.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated financial statements incorporate those of M2 Three Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

M2 THREE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

M2 Northern Limited, M2 (Warriston Road) Limited, South Queensferry Limited and Miller (St Neots) Limited have been included in the group financial statements using the purchase method of accounting. Accordingly, the group statement of comprehensive income includes the results of the company's subsidiaries from acquisition on 31 July 2018. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates (Newton Mearns Patterson Limited) are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future.

The group has the continued financial support of its parent company, M2 Group Limited, to allow it to meet its financial liabilities as they fall due for payment.

Therefore the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover represents the value of the sales of property developments, rents receivable, management fees and other property income.

Where turnover is derived from long term contracts, the value of work done during the year ascertained by reference to contract measurement in accordance with the stage of completion of the contract when the following conditions are satisfied:

- The amount of turnover can be measured reliably;
- It is probable that the group will receive the consideration due under the contract
- The stage of completion of the contract at the end of the reporting period can be measured; and
- The costs incurred and the costs to complete the contract can be measured reliably

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

M2 THREE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Negative goodwill arising on business combinations in respect of acquisitions is included on the Balance Sheet and released to the Statement of Comprehensive Income in the periods in which the non-monetary assets arising on the same acquisition are recovered. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in the Statement of Comprehensive Income in the periods expected to benefit.

1.6 Fixed asset investments

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long-term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

M2 THREE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.7 Development work in progress

Developments in progress are stated at the lower of cost and estimated selling price less costs to complete and sell.

Costs exclude expenditure incurred in acquiring the material and other costs in bringing them to their existing location and condition.

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.

1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

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.

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.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

M2 THREE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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 group after deducting all of its 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.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the group 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 group.

1.11 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 group statement of comprehensive income 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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

M2 THREE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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 if, and only if, there is 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.

1.12 Loan waivers - exceptional item

Exceptional items are identified by directors as transactions through profit and loss out with the normal course of the business and which are considered material to the financial statements, and as such require separate identification in order to provide necessary explanation to the results of the group.

2 Turnover and other revenue

	2019 £	2018 £
Turnover analysed by class of business		
Property development	14,788	6,161

3 Exceptional costs/(income)

	2019 £	2018 £
Loan waiver	-	20,052

4 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	6,000	-

M2 THREE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

5 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2019 and 31 December 2019	(983,467)
Amortisation and impairment	
At 1 January 2019	(204,889)
Amortisation charged for the year	(491,734)
At 31 December 2019	(696,623)
Carrying amount	
At 31 December 2019	(286,844)
At 31 December 2018	(778,578)

The company had no intangible fixed assets at 31 December 2019 or 31 December 2018.

6 Fixed asset investments

	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments	(744,246)	53,008	148	148
Loans	2,478,724	2,478,724	1,107,424	1,107,424
	<u>1,734,478</u>	<u>2,531,732</u>	<u>1,107,572</u>	<u>1,107,572</u>

7 Subsidiaries

M2 Three Limited's subsidiaries are exempt from the audit requirements of their individual accounts in relation to S479A of the Companies Act 2006 relating to subsidiary companies. Details of the company's subsidiaries at 31 December 2019 are as follows;

Name of undertaking	Registered office	Nature of business	Company registration number	% Ordinary shares held Direct Indirect	
South Queensferry Limited	1	Property development	SC167959	100.00	-
M2 Northern Limited	1	Property development	SC178109	100.00	-
M2 (Warriston Road) Limited	1	Property development	SC245711	100.00	-
Miller (St Neots) Limited	2	Property development	03400684	100.00	-

1 - The registered office of the companies above is; 201 West George Street, Glasgow, G2 2LW.

2 - The registered office of the companies above is; Condor House, St Paul's Churchyard, London, EC4M 8AL.

M2 THREE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

8 Associates

Details of associates at 31 December 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Newton Mearns Patterton Limited	see below	Property development	Ordinary	40.00	-

The registered office of Newton Mearns Patterton Limited is; 201 West George Street, Glasgow, G2 2LW.

9 Joint ventures

Details of joint ventures at 31 December 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
SQ3 Limited	2	Property development	Ordinary	50.00	-
SQ1 LLP	1	Property development	N/A	-	50.00
Miller Kirkaldy Limited	1	Property development	Ordinary	-	50.00
Miller Markinch Limited	1	Property development	Ordinary	-	50.00
Miller Cardenden Limited	2	Property development	Ordinary	-	50.00
Miller Auchendinny LLP	1	Property development	N/A	-	50.00

1 - The registered office of the entities above is; 201 West George Street, Glasgow, G2 2LW.

2 - The registered office of the entities above is; Condor House, St Paul's Churchyard, London, EC4M 8AL.

10 Debtors

	Group 2019	2018	Company 2019	2018
Amounts falling due within one year:	£	£	£	£
Other debtors	18,374	19,513	2,801	1

11 Creditors: amounts falling due within one year

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Trade creditors	17,734	10,224	17,734	-
Other creditors	1,554,604	1,506,510	1,127,924	1,107,424
	<u>1,572,338</u>	<u>1,516,734</u>	<u>1,145,658</u>	<u>1,107,424</u>

M2 THREE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

12 Creditors: amounts falling due after more than one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Other creditors	13	263,701	278,498	-	-
		<u>263,701</u>	<u>278,498</u>	<u>-</u>	<u>-</u>

13 Deferred income

	Group 2019 £	2018 £	Company 2019 £	2018 £
Other deferred income	278,490	278,498	-	-
	<u>278,490</u>	<u>278,498</u>	<u>-</u>	<u>-</u>

Deferred income is included in the financial statements as follows:

Current liabilities	14,789	-	-	-
Non-current liabilities	263,701	278,498	-	-
	<u>278,490</u>	<u>278,498</u>	<u>-</u>	<u>-</u>

14 Share capital

	Group and company	
	2019 £	2018 £
Ordinary share capital Issued and fully paid 1 Ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>

M2 THREE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

15 Related party transactions

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Purchases	
	2019	2018
	£	£
Group		
Other related parties	32,050	-
	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2019	2018
	£	£
Group		
Other related parties	6,675	6,675
	<u> </u>	<u> </u>

Balances owed to other related parties are unsecured, interest free and repayable on demand.

The company has taken advantage of the exemption within FRS 102 section 33 from the requirement to disclose transactions with the wholly owned companies in the same group.

16 Controlling party

The company is a subsidiary undertaking of M2 Group Limited, registered address 201 West George Street, Glasgow, G2 2LW. M2 Group Limited is also the company's ultimate holding company. The company is included in the group accounts of M2 Group Limited, copies of which are available from its registered office.