

MORGAN COLE SERVICES LIMITED

Annual Report and Financial Statements

for the year ended 30 April 2016



**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR YEAR ENDED 30 APRIL
2016**

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OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

E A Carr

REGISTERED OFFICE

One Central Square
Cardiff
CF10 1FS

BANKERS

Barclays Bank Plc
Level 7, United Kingdom House
180 Oxford Street
London
W1D 1EA

INDEPENDENT AUDITOR

Deloitte LLP
5 Callaghan Square
Cardiff
CF10 5BT

STRATEGIC REPORT

The directors present their Strategic report and the affairs of the Company for the year ended 30 April 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year has been to hold and manage a number of property leases relating to premises used by the Blake Morgan Group. The company continues to fulfil this function for the Group.

REVIEW OF THE BUSINESS

The directors are able to report a profit before tax of £61,000 (2015: profit £265,000). The position of the Company at the year-end is set out in the balance sheet on page 10 and in the related notes on pages 11 to 17.

KEY PERFORMANCE INDICATORS

The key performance indicators of this company relate to the performance of its ultimate controlling party, Blake Morgan Group LLP and therefore these are illustrated in the primary statements of that entity.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The directors have reviewed the financial risk management objectives and policies of the company. The Company's activities are wholly controlled by Blake Morgan Group LLP. Consequently the Company's principal financial assets are intra-group balances. The Company's credit risk is primarily attributable to intra-group balances. The directors have considered this risk when assessing the appropriateness of continuing to adopt the going concern basis of preparing the financial statements.

In common with every other business within the group, the directors aim to minimise financial risk arising from these operations. The measures used by the directors to manage this risk include the preparation of profit and cash flow forecasts, regular monitoring of actual performance against these forecasts and ensuring that adequate financing facilities are in place to meet the requirements of the business.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables, operating lease receivables and investments.

The Company has no significant concentration of credit risk.

Liquidity risk

Working capital requirements are regularly reviewed in conjunction with available financing facilities as part of routine financial management

STRATEGIC REPORT

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk

The Company borrowed from the group, which in turn borrowed from the bank.

Borrowings attract interest at both fixed and variable rates; the variable element is agreed at regular intervals with the lending bank.

Currency risk

As all sales and purchases were transacted in sterling, the Company has no exposure to translation or transaction foreign exchange risk.

FUTURE DEVELOPMENTS AND EVENTS AFTER THE BALANCE SHEET DATE

The Company continues to operate within the Blake Morgan Group providing property management related services. The directors do not anticipate any significant change in the short to medium term.

Approved by the Board of Directors and signed on behalf of the Board by:



Elizabeth Carr

Director

23 NOVEMBER 2016

DIRECTORS' REPORT

The directors present their Annual report and the audited financial statements of Morgan Cole Services Limited for the year ended 30 April 2016. Comparison figures for 2015 relate to a thirteen month period, this period was extended following the transfer of the business to Blake Morgan LLP.

Disclosures required by s416(4) which have been elevated to the Strategic report are as follows:

- Financial risk management objectives and policies
- Future developments and events after the balance sheet date

COMPANY STRUCTURE

The ultimate beneficial owner is Blake Morgan Group LLP through Blake Morgan LLP.

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company is dependent upon Blake Morgan Group LLP's ability to trade. Therefore the directors have assessed this when forming their judgement. Accordingly, they continue to adopt the going concern basis. Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

RESULTS AND DIVIDENDS

A summary of the results for the year and the financial position are set out in the financial statements on pages 9 to 10.

The directors do not recommend payment of a dividend in the current year. During the prior year the directors approved an interim dividend of £225,000 (£112,500 per ordinary share) which was paid on 30 June 2014 to ordinary equity shareholders on the register at 31 March 2014.

EMPLOYEES

On 1 July 2014, as a consequence of the transfer of the trade and assets of Morgan Cole LLP to Blake Morgan Group LLP, all employees of Morgan Cole Services Limited transferred to Blake Morgan Group LLP and therefore the company has no employees at the current or prior period-end or during the current year.

EQUAL OPPORTUNITIES

The Company was committed to providing equal opportunities in employment. This meant that all job applicants and employees will receive equal treatment regardless of sex, sexual orientation, gender reassignment, disability, pregnancy or maternity, being married or a civil partner, age, race (including colour, nationality and ethnic or national origins), religion or belief (the protected characteristics). In the event of members of staff becoming disabled every effort was made to ensure that their employment with the Company continued and that appropriate training was arranged.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS

The following directors served during the year and to the date of signing the financial statements:

E A Carr

C R E Bray (resigned 13/05/2016)

SUPPLIER PAYMENT POLICY

The company's policy is to settle terms of payment with suppliers when agreeing to the terms of each transaction, to ensure that suppliers are made aware of the terms of the payment and abide by the terms of payment.

CHARITABLE AND POLITICAL CONTRIBUTIONS

During the current and preceding year the Company made no charitable or political donations.

AUDITOR

Each of the persons who is a director at the date of approval of this Annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that she ought to have taken as a director to make herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint Deloitte LLP will be proposed at the Annual General Meeting.

APPROVAL OF REDUCED DISCLOSURES

The company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The company also intends to take advantage of these exemptions in the financial statements to be issued in the following year.

Approved by the Board of Directors and signed on their behalf by the Board by:



Elizabeth Carr

Director

23 NOVEMBER 2016

DIRECTORS' RESPONSIBILITIES STATEMENT

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 Company and of the profit or loss of the Company 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business (see note 1).

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORGAN COLE SERVICES LIMITED

We have audited the financial statements of Morgan Cole Services Limited for the year ended 30 April 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2016 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORGAN COLE SERVICES LIMITED (CONTINUED)

Matters on which we are required to report by exception

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 directors were not entitled to prepare the financial statements in accordance with the small companies regime; 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.

David Hedditch

David Hedditch (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cardiff, United Kingdom

23 November 2016

MORGAN COLE SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME For the year ended 30 April 2016

	Note	Year ended 30 April 2016 £'000	13 month period ended 30 April 2015 £'000
TURNOVER	3	1,281	5,620
Direct expenses		-	(2,696)
GROSS PROFIT		1,281	2,924
Indirect expenses: property		(1,158)	(1,640)
Indirect expenses: administration costs		(88)	(870)
Central overheads		(12)	(146)
OPERATING PROFIT, BEING PROFIT ON ORDINARY ACTIVITIES BEFORE FINANCE CHARGES	4	23	268
Finance costs (net)	8	-	(7)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		23	261
Tax on profit on ordinary activities	7	38	4
PROFIT FOR THE FINANCIAL YEAR		61	265
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		61	265

All amounts relate to continuing operations.

MORGAN COLE SERVICES LIMITED

BALANCE SHEET As at 30 April 2016

	Note	30 April 2016 £'000	30 April 2015 £'000
FIXED ASSETS			
Tangible assets	9	47	91
CURRENT ASSETS			
Debtors	10	2,668	3,373
Cash at bank and in hand		155	158
		2,823	3,531
CREDITORS: amounts falling due within one year	11	(2,519)	(3,332)
NET CURRENT ASSETS		304	199
NET ASSETS		351	290
CAPITAL & RESERVES			
Called up share capital	12	-	-
Profit and loss account		351	290
TOTAL SHAREHOLDER'S FUNDS		351	290

These financial statements of Morgan Cole Services Limited, registered number 03618502, were approved by the Directors and authorised for issue on 23 November 2016.

Signed on behalf of the Board of Directors



Elizabeth Carr

Director

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 April 2016

	Called-up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 March 2014	-	250	250
Changes in equity			
Dividends	-	(225)	(225)
Total comprehensive income	-	265	265
	<hr/>	<hr/>	<hr/>
Balance at 30 April 2015	-	290	290
	<hr/>	<hr/>	<hr/>
Changes in equity			
Total comprehensive income	-	61	61
	<hr/>	<hr/>	<hr/>
Balance as at 30 April 2016	-	351	351
	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2016

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

The particular accounting policies adopted, which have been applied consistently throughout the current year and preceding thirteen month financial period, are described below.

The company has adopted FRS 102 in this year's financial statements. The director has considered the impact of transition to FRS 102 and consider that no material adjustments are required to the numbers included in the company's financial statements and accordingly the company has opted not to present any GAAP reconciliations to these financial statements. The company transitioned to FRS 102 as at 1 April 2014.

The financial statements are presented in Sterling (£), which is also the functional currency of the company.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. It is consolidated in the financial statements of its ultimate parent, Blake Morgan Group LLP. Exemptions have been taken in relation to:

- the preparation of a statement of cash flows;
- financial instruments;
- intra-group transactions

Turnover

Total revenue represents the management fees rendered for the activity of providing property services to Blake Morgan Group LLP and is stated net of value added tax. Turnover is recognised on the provision of the service. All income is derived from UK based operations.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which a future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less residual value, of each asset over its expected useful life as follows:

Leasehold improvements	10 years straight-line or to next lease break date if shorter
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2016

1. ACCOUNTING POLICIES (continued)

Provisions

Provision is made for dilapidations in respect of property leases which contain requirements for the premises to be returned to their original state prior to the conclusion of the lease term.

Leases

Operating lease rentals are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Going concern

The Company's business activities, together with a review of the business, are set out in the Principal activity and business review on page 2. The Strategic report describes the financial position of the company; the Company's objectives, policies and processes for managing its capital; its financial risk management objectives and its exposure to liquidity and credit risk. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should continue to be able to meet its liabilities as they fall due. After making enquiries of Blake Morgan Group LLP, the directors have a reasonable expectation that further funds will be made available as required, as confirmed in the letter of support dated 19 August 2016.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 1, the directors are required to consider judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

In the opinion of the director, there are no critical accounting judgements or estimation uncertainties involved in the application of the company's accounting policies.

3. TURNOVER

The directors consider the business to have only one operating segment and therefore no further disclosure has been made.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 April 2016

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	2016 £'000	2015 £'000
Depreciation charge for the period:		
Owned assets	38	250
Leased assets	-	46
Amortisation of intangibles – leased assets	-	25
Operating lease rentals:		
Land and buildings	822	1,165
Loss on disposal of fixed assets	6	31
	<u>6</u>	<u>31</u>

In the current year and prior period the auditor's remuneration was borne by the parent company and not recharged.

5. STAFF COSTS

	2016 No.	2015 No.
The average number of (full time equivalent) employees including directors were:		
Client service staff	-	48
Support staff	-	16
	<u>-</u>	<u>64</u>
	<u>-</u>	<u>64</u>
	2016 £'000	2015 £'000
Their aggregate remuneration comprised:		
Wages and salaries	-	2,186
Social security costs	-	131
Other pension costs	-	190
	<u>-</u>	<u>2,507</u>
	<u>-</u>	<u>2,507</u>

6. DIRECTORS' EMOLUMENTS

The directors' aggregate remuneration in respect of qualifying services was:

	2016 £'000	2015 £'000
Aggregate remuneration	-	90
Pension contributions	-	8
	<u>-</u>	<u>8</u>

The remuneration of the highest paid director was £Nil (2015: £57k).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 April 2016

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2016	2015
	£'000	£'000
Profit on ordinary activities before taxation	23	261
Amounts subject to corporation tax	23	261
UK corporation tax at 20% (2015: 21%)	5	55
<i>Factors affecting the charge for the period:</i>		
Expenses not deductible for tax purposes	1	55
Depreciation in excess of/(less than) capital allowances	4	(37)
	10	73
Adjustment in respect of prior years (UK Corporation tax)	(48)	(77)
Total tax on profit on ordinary activities	(38)	(4)

There is no deferred tax asset or liability at the reporting date.

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
	£'000	£'000
Finance leases	-	(7)

9. TANGIBLE FIXED ASSETS

	Leasehold	
	improvements	Total
	£'000	£'000
Cost		
At 1 May 2015	294	294
Disposals	(91)	(91)
At 30 April 2016	203	203
Accumulated depreciation		
At 1 May 2015	203	203
Charge for the period	38	38
Disposals	(85)	(85)
At 30 April 2016	156	156
Net book value		
At 30 April 2016	47	47
At 30 April 2015	91	91

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2016

10. DEBTORS

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	2,547	3,228
Other debtors	48	-
Prepayments	73	145
	<u>2,668</u>	<u>3,373</u>

Amounts owed by group undertakings are non-interest bearing and repayable on demand.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £'000	2015 £'000
Trade creditors	14	1
Corporation tax	28	43
Other creditors	138	171
Accruals and deferred income	-	265
Amounts owed to group undertakings	2,339	2,852
	<u>2,519</u>	<u>3,332</u>

Amounts owed to group undertakings are non-interest bearing and repayable on demand.

12. CALLED-UP SHARE CAPITAL

	2016 £	2015 £
Authorised		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

13. OPERATING LEASE COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases are:

	2016 £'000	2015 £'000
- within one year	328	328
- between one and five years	1,312	1,312
- after five years	465	793
	<u>2,105</u>	<u>2,433</u>
Total	<u>2,105</u>	<u>2,433</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2016

14. RELATED PARTIES

As the company is a 100% owned subsidiary of another undertaking, it has taken advantage of the exemption in FRS 102 'Related party disclosures' and has not disclosed details of transactions with other wholly-owned members of the Group.

15. ULTIMATE PARENT AND CONTROLLING PARTY

The immediate parent is Blake Morgan LLP with the ultimate parent undertaking and controlling party being Blake Morgan Group LLP. This is also the only group which prepares consolidated financial statements which include the results of the company. Copies of the Group financial statements are available from the registered office of Blake Morgan Group LLP, Harbour Court, Compass Road, North Harbour, Portsmouth PO6 4ST.

16. EXPLANATION OF TRANSITION TO FRS 102

This is the first year that the company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. No adjustments are required to the opening balance sheet in the year of transition. The last financial statements under previous UK GAAP were for the year ended 30 April 2015 and the date of transition to FRS 102 was therefore 1 May 2014.