

Moorfield Investment Management Limited

Annual report and financial statements

For the year ended 31 December 2016

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Moorfield Investment Management Limited

Contents

	Page(s)
Company information	1
Strategic report	2
Directors' report	3 – 4
Independent Auditors' report to the members of Moorfield Investment Management Limited	5 – 6
Statement of income and retained earnings	7
Balance sheet	8
Notes to the financial statements	9 – 16

Moorfield Investment Management Limited

Company Information

Directors

Marc Gilbard
Graham Stanley
Graham Sidwell
Nicholas Edwards
Charles Ferguson-Davie

Company secretary

Steven Hall

Registered number

04017777

Registered office

10 Grosvenor Street
London
W1K 4QB

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Bankers

Lloyds Banking Group
Park Lane Branch
PO Box 1000
BX1 1LT

Moorfield Investment Management Limited

Strategic report

For the year ended 31 December 2016

Introduction

The directors present their strategic report on the Company for the financial year ended 31 December 2016.

Principal activity

The Company's principal activity during the year was that of provision of investment and asset management services to group and other related party undertakings.

Results, review of business and future developments

In 2016 Moorfield Investment Management Limited generated turnover of £16,742,000 (2015 - £8,551,000) and a profit for the financial year of £802,000 (2015 - £159,000). The profit before taxation in the year was £784,000 (2015 - £116,000). The directors intend on maintaining the present activities of the Company in 2017. The net asset position of the Company at the year end was £4,495,000 (2015 - £5,448,000).

Principal risks and uncertainties

Since the Company principally earns income from related entities through the provision of asset and investment management services, the principal risk is that the related investment entities will be unable to meet their obligations due to a general downturn in the real estate market and the inability to raise and invest new funds.

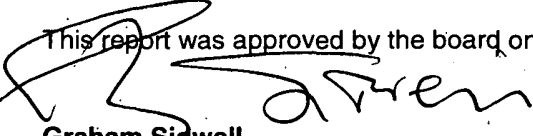
Key performance indicators

The directors consider that an appropriate understanding of the development, performance and position of the entity's business can be achieved from the reported turnover and profit before tax.

This report was approved by the board on

25 April 2017

and signed on its behalf.


Graham Sidwell
Director

Moorfield Investment Management Limited

Directors' report

For the year ended 31 December 2016

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2016.

Results and dividends

The Company's profit for the financial year is £802,000 (2015 - £159,000).

The Directors have not proposed a dividend for the financial year and no dividend has been paid during the year (2015 - £nil).

Financial instruments

Financial Risk Management

The Group's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, liquidity risk and credit risk. The Company's principal financial instruments comprise sterling cash and bank deposits, together with trade debtors and trade creditors that arise directly from its operations.

Future developments

Future developments of the Company are disclosed in the Strategic report and included here by way of cross reference.

Directors

The directors who served during the year and up to the date of signing the financial statements were:

Marc Gilbard
Graham Stanley
Graham Sidwell
Nicholas Edwards
Charles Ferguson-Davie

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, the Directors' 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for 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.

Moorfield Investment Management Limited

Directors' report

For the year ended 31 December 2016

Statement of disclosure of information to auditors

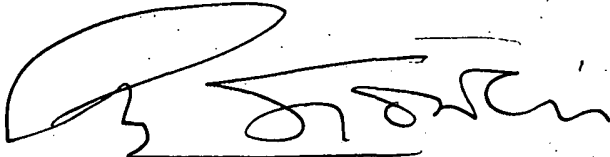
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be reappointed will be proposed at the annual general meeting.

This report was approved by the board on 25 April 2017 and signed on its behalf.



Graham Sidwell
Director

Moorfield Investment Management Limited

Independent auditors' report to the members of Moorfield Investment Management Limited

Report on the financial statements

Our opinion

In our opinion, Moorfield Investment Management Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 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.

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Balance sheet as at 31 December 2016;
- the Statement of income and retained earnings for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matters prescribed by the Companies Act 2006

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

- 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;
- and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

Moorfield Investment Management Limited

Independent auditors' report to the members of Moorfield Investment Management Limited

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 3, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

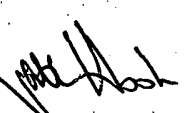
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Jonathan Hook (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Date: 25 April 2017

Moorfield Investment Management Limited

**Statement of income and retained earnings
For the year ended 31 December 2016**

	Note	2016 £'000	2015 £'000
Turnover	4	16,742	8,551
Gross profit		16,742	8,551
Administrative expenses		(16,364)	(9,301)
Other operating income		287	943
Operating profit	5	665	193
Interest receivable and similar income	8	119	-
Interest payable and similar expenses	9	-	(77)
Profit before taxation		784	116
Tax on profit	10	18	43
Profit for the financial year		802	159
Retained earnings at the beginning of the year		3,693	3,534
		3,693	3,534
Profit for the financial year		802	159
Retained earnings at the end of the year		4,495	3,693

The notes on pages 9 to 16 form part of these financial statements.

Moorfield Investment Management Limited
Registered number:04017777

Balance sheet
As at 31 December 2016

	Note	2016 £'000	2015 £'000
Current assets			
Debtors: amounts falling due within one year	11	4,550	1,619
Cash at bank and in hand		1,914	3,844
		<u>6,464</u>	<u>5,463</u>
Creditors: amounts falling due within one year	12	(214)	(15)
Net current assets		<u>6,250</u>	<u>5,448</u>
Total assets less current liabilities		<u>6,250</u>	<u>5,448</u>
Net assets		<u><u>6,250</u></u>	<u><u>5,448</u></u>
Capital and reserves			
Called up share capital	14	-	-
Share premium account		1,755	1,755
Profit and loss account		4,495	3,693
Total shareholders' funds		<u><u>6,250</u></u>	<u><u>5,448</u></u>

The financial statements on pages 7 to 15 were approved and authorised for issue by the board of directors on 25 April 2017 and were signed on its behalf by



Graham Sidwell
 Director
 Date:

The notes on pages 9 to 16 form part of these financial statements.

Moorfield Investment Management Limited

Notes to the financial statements For the year ended 31 December 2016

1. General information

The Company's principal activity during the financial year was that of the provision of investment and asset management services to group and other related party undertakings. The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is 10 Grovesnor Street, London, W1K 4QB.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently:

2.2 Exemption for qualifying under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions:

- from preparing a statement of cash flows, required under Section 7 of FRS 102 and para 3.17(d), on the basis that it is a qualifying entity and its ultimate parent undertaking, Stessa Trading Limited includes the Company's cash flow in its own consolidated financial statements;
- from disclosing the Company's key management personnel compensation as required by FRS 102 para 33.7

**Notes to the financial statements
For the year ended 31 December 2016**

2. Summary of significant accounting policies (continued)

2.3 Revenue recognition and other operating income

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Company and value added taxes.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

The Company recognises revenue when (i) the significant risks and rewards of ownership have been transferred to the buyer; (ii) the Company retains no continuing involvement or control over the goods; (iii) the amount of revenue can be measured reliably; and (iv) it is probable that future economic benefits will flow to the Company.

Revenue is recognised when, and to the extent that the Company obtains the right to consideration in exchange for its performance.

Other operating income comprise insurance commission fees earned, recognised on an accruals basis.

2.4 Current taxation

Taxation expense for the year comprises current recognised in the reporting period. Tax is recognised in the Statement of comprehensive income, except to the extent that it relates to items recognised in equity. In this case tax is also recognised in equity. Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2.5 Related party transactions

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

2.6 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**Notes to the financial statements
For the year ended 31 December 2016**

2. Summary of significant accounting policies (continued)

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including other receivables, loans to fellow group undertakings and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 assets' original effective interest rate. The impairment loss is recognised in the statement of comprehensive income. 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 statement of comprehensive income.

Financial assets are derecognised when (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (iii) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including other payables 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 receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

Moorfield Investment Management Limited

Notes to the financial statements For the year ended 31 December 2016

2. Summary of significant accounting policies (continued)

2.11 Interest income

Interest income is recognised in the Statement of income and retained earnings using the effective interest method.

3. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical judgements in applying the entity's accounting policies

No critical judgements have been made in applying the entity's accounting policies.

3.2 Key accounting estimates and assumptions

No key accounting estimates and assumptions have been made in applying the entity's accounting policies.

4. Turnover

The whole of the turnover is attributable to the Company's main activity which is carried out in the United Kingdom. No analysis of turnover is presented as the directors consider such disclosure to be seriously prejudicial to the interests of the Company.

5. Operating profit

The operating profit is stated after charging:

	2016 £'000	2015 £'000
Fees payable to the Company's auditors for the audit of the financial statements	<u>5</u>	<u>15</u>

6. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2016 £'000	2015 £'000
Wages and salaries	58	50
Social security costs	7	6
	<u>65</u>	<u>56</u>

The Company had no employees, other than the directors, during the year (2015 - none).

Moorfield Investment Management Limited

**Notes to the financial statements
For the year ended 31 December 2016**

7. Directors' remuneration

	2016 £'000	2015 £'000
Aggregate emoluments	58	50
	<u>58</u>	<u>50</u>

There were no retirement benefits accruing to the directors' (2015 - £nil).

8. Interest receivable and similar income

	2016 £000	2015 £000
Interest receivable from group companies	119	-
	<u>119</u>	<u>-</u>

9. Interest payable and similar expenses

	2016 £'000	2015 £'000
Interest payable to group companies	-	77
	<u>-</u>	<u>77</u>

10. Tax on profit

	2016 £'000	2015 £'000
Corporation tax		
Current tax on profits for the year	-	-
Adjustments to tax charge in respect of prior periods	(18)	(43)
	<u>(18)</u>	<u>(43)</u>
Total current tax	<u>(18)</u>	<u>(43)</u>

Moorfield Investment Management Limited

**Notes to the financial statements
For the year ended 31 December 2016**

10. Tax on profit (continued)

Factors affecting tax credit for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20.00% (2015 - 20.25%). The differences are explained below:

	2016 £'000	2015 £'000
Profit before taxation	<u>784</u>	<u>116</u>
Profit multiplied by standard rate of corporation tax in the UK of 20.00% (2015 - 20.25%)	157	23
Effects of:		
Adjustments to tax charge in respect of prior periods	(18)	(43)
Group relief claimed	(157)	(23)
Total tax credit for the year	<u>(18)</u>	<u>(43)</u>
Factors that may affect future tax charges		

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 on 26 October 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020.

11. Debtors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade debtors	678	190
Amounts owed by group undertakings	3,822	1,382
Other debtors	-	47
Prepayments and accrued income	50	-
	<u>4,550</u>	<u>1,619</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Moorfield Investment Management Limited

**Notes to the financial statements
For the year ended 31 December 2016**

12. Creditors: Amounts falling due within one year

	2016 £'000	2015 £'000
Other taxation and social security	70	8
Other creditors	122	7
Accruals and deferred income	22	-
	<u>214</u>	<u>15</u>

13. Financial instruments

	2016 £'000	2015 £'000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	4,550	1,619
	<u>4,550</u>	<u>1,619</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(214)	(7)
	<u>(214)</u>	<u>(7)</u>

14. Called up share capital

	2016 £	2015 £
Allotted and fully paid		
100 - (2015 - 100) Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Moorfield Investment Management Limited

Notes to the financial statements For the year ended 31 December 2016

15. Related party transactions

	2016 £'000	2015 £'000
Fees from MREF I	13,950	2,056
Fees from MREF II	-	5,023
Fees from MREF III	1,764	1,042
Fees from other entities	1,028	430
Fees due to other entities	(16,259)	(9,205)
	<u>483</u>	<u>(654)</u>

At 31 December, the following amounts are held on the balance sheet:

	2016 £'000	2015 £'000
Fees due from MREF I	-	30
Fees dues from MREF II	-	185
Fees due from MREF III	373	50
Fees due from other entities	4,127	329
	<u>4,500</u>	<u>594</u>

16. Immediate and ultimate parent undertaking and controlling party

The immediate parent company is Moorfield Group Limited

The ultimate parent undertaking and ultimate controlling party is Stessa Trading Limited which is registered in England and Wales and is the parent undertaking of the smallest and largest group to consolidate these financial statements.

Group financial statements are available on payment of the appropriate fee from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.