

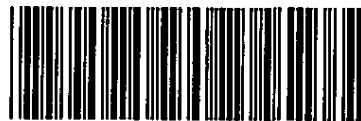
Registered number  
04257322

# Merseyside Special Investment Mezzanine Fund Two Limited

## Annual report and financial statements

for the year ended 31 March 2013

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**Merseyside Special Investment Mezzanine Fund Two Limited**  
**Annual report and financial statements**  
**for the year ended 31 March 2013**  
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**Merseyside Special Investment Mezzanine Fund Two Limited**

**Directors and company information**

**Directors**

Mr R Swainson  
Mr T Atherton  
Mr B McCann  
Mr A Rigby  
Mrs L Greenhalgh  
Mr M Basnett

**Secretary**

Mrs L Greenhalgh

**Registered Office**

2nd Floor  
Exchange Court  
1 Dale Street  
Liverpool  
L2 2PP

**Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
8 Princes Parade  
St Nicholas Place  
Liverpool  
L3 1QJ

**Bankers**

The Co-operative Bank  
Lyceum Building  
1 Bold Street  
Liverpool  
L1 4NW

**Solicitors**

Davies Wallis Foyster  
5 Castle Street  
Liverpool  
L2 4XE

**Registered Number**

04257322

**Merseyside Special Investment Mezzanine Fund Two Limited**  
**Report of the directors**  
**for the year ended 31 March 2013**

The directors present their report and the audited financial statements for the year ended 31 March 2013

This report has been prepared in accordance with the special provisions of Part XV of the Companies Act 2006 relating to small companies

**Principal activities**

Merseyside Special Investment Mezzanine Fund Two Limited was established by Merseyside Special Investment Fund Limited as part of the Merseyside Special Investment Fund group

The Company's aim is to establish, support and monitor investment funds via its interest in the Merseyside Special Investment Mezzanine Fund No 2 Limited Partnership which provide loans to small and medium sized enterprises (SMEs) operating in the county of Merseyside, thereby assisting to regenerate business in the region. The company is supported and part-financed in this project by European Regional Development Funding via the European Community's Objective 1 Programme administered by the Government Office for the North West

The principal activity of the parent company Merseyside Special Investment Fund Limited is to facilitate the investment of venture and loan capital investment funds in small and medium sized enterprises (SMEs) and provide support and monitoring of those investments, thereby assisting to regenerate business in the Merseyside area

**Financial results**

The profit for the year was £99 (2012 £16,051)

**Dividends**

The directors do not recommend payment of a dividend

**Directors**

The directors who served during the year ended 31 March 2013 and up to the date of signing the financial statements, were as follows

Mr R Swanson

Mr T Atherton

Mr B McCann - Appointed 1 August 2012

Mr A Rigby

Mrs L Greenhalgh

Mr M Basnett - Appointed 25 February 2013

Mr M Taylor - Appointed 1 September 2012 - Resigned 21 February 2013

Mr J Stopforth - Resigned 1 August 2012

No director of the Company has any interest in the Company within the meaning of the Companies Act 2006. The interests in the share capital of the ultimate parent company, Merseyside Special Investment Fund Limited, are shown in that company's financial statements

**Merseyside Special Investment Mezzanine Fund Two Limited**  
**Report of the directors**  
**for the year ended 31 March 2013**  
**(continued)**

**Statement of directors' responsibilities**

The directors are responsible for preparing the report of the directors 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 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,
- 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 company will continue in business.

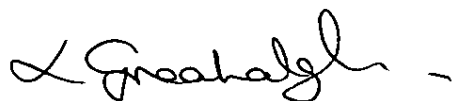
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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.

**Statement of disclosure of information to auditors**

Each person who is a director at the time of approval of the financial statements confirms the following

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report was approved by the Board on 22 July 2013 and signed in its behalf



**L Greenhalgh**  
**Director**

**Merseyside Special Investment Mezzanine Fund Two Limited**  
**Profit and Loss Account**  
**for the year ended 31 March 2013**

	Notes	2013 £	2012 £
Other income		-	200
Bank interest receivable		99	15,851
		-	
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>2</b>	<b>99</b>	<b>16,051</b>
Tax on profit on ordinary activities	3	-	-
<b>Profit for the financial year</b>		<b>99</b>	<b>16,051</b>

All operations are continuing

There is no material difference between the profit on the ordinary activities before taxation and the retained profit for the years stated above and their historical cost equivalents

The company has no recognised gains and losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 6 to 9 form an integral part of these financial statements

**Merseyside Special Investment Mezzanine Fund Two Limited**  
**Balance Sheet**  
**as at 31 March 2013**

**Registered Number**  
**4257322**

	Notes	2013 £	2012 £
<b>Fixed assets</b>			
Investments	6	-	-
<b>Current assets</b>			
Cash at bank and in hand		16,160	16,061
<b>Creditors: amounts falling due within one year</b>	7	-	-
<b>Net current assets</b>		16,160	16,061
<b>Total assets less current liabilities</b>		<u>16,160</u>	<u>16,061</u>
<b>Creditors: amounts falling due after more than one year</b>	8	-	-
<b>Net assets</b>		<u>16,160</u>	<u>16,061</u>
<b>Financed by:</b>			
Share capital	9	2	2
Reserves	10	16,158	16,059
<b>Equity shareholders' funds</b>	11	<u>16,160</u>	<u>16,061</u>

The financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006


For the year ended 31 March 2013 the company was entitled to exemption under section 479a of the Companies Act 2006

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006

The directors acknowledge their responsibility for complying with the requirements of the Act with respect of accounting records and for the preparation of accounts

These accounts have been prepared in accordance with the provisions applicable to companies subject to small companies regime

The financial statements on pages 4 to 9 were approved by the Board of Directors on 22 July 2013 and were signed on its behalf by

  
**A Rigby**  
**Director**

## **Merseyside Special Investment Mezzanine Fund Two Limited**

### **Notes to the financial statements**

**for the year ended 31 March 2013**

#### **1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

##### **Basis of accounting**

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom

##### **Basis of preparation**

The principal activity of the Company is to invest in a Limited Partnership the objective of which is to establish a portfolio of loan and equity investments in local businesses. The Company does not seek to influence the financial and operating policies of these investments and does not exercise significant influence. On this basis, the Limited Partnership has not been consolidated within these financial statements

##### **Grants and contributions**

Capital grants received in advance of investment are carried forward on the balance sheet as "grants received in advance"

Capital grants and contributions relating to specific investments are recognised at the point at which the matching investments are made and are carried on the balance sheet as deferred income. This is released to the income and expenditure account to match any provision for impairment or other losses in respect of the investments to which the grants relate

##### **Current tax**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted as at the balance sheet date

##### **Fixed asset investments**

Investments in the limited partnerships are stated at cost less provision for impairment. In view of the high risk nature of the underlying investments of the limited partnerships in which the company's investments are made, and the preferred status on final distribution of partnership assets of the other investors in the partnerships, an immediate and full provision for impairment of investment capital is made

Any surplus over written down value arising on the final realisation of the investment in the limited partnerships is taken to income when received and transferred to a reserve for future investment

##### **Administrative expenses**

Directors' fees are met by the parent company. These are re-charged via management charges made by the parent company. The directors consider that any directors' fees attributable to this company are insignificant

Any remuneration was paid by Merseyside Special Investment Fund Limited (parent company)

The Company has no employees

Auditors' remuneration of £Nil (2012 £500) that relates wholly to the audit of the company has been borne by a fellow undertaking



**Merseyside Special Investment Mezzanine Fund Two Limited**  
**Notes to the financial statements**  
**for the year ended 31 March 2013**  
**(continued)**

**1 Accounting policies (continued)**

**Cash flow statement**

The Company has taken advantage of the exemption under FRS1 (Revised) 'Cash Flow Statements' to subsidiary undertakings from preparing a cash flow statement. A cash flow statement is included in the financial statements of the ultimate holding company.

<b>2 Profit on ordinary activities before taxation</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>

**Profit on ordinary activities before taxation is stated after charging:**

Change in provision for impairment of investments (note 6)	-	-
Release of capital grants (note 6)	-	-

Income arises in the United Kingdom

**3 Tax on profit on ordinary activities**

<b>3a Tax - ordinary activities</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>

UK corporation tax at 24%	-	-
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**3b Factors affecting tax charge for year**

The tax assessed for the period is lower (2012 higher than) than the standard rate of corporation tax in the UK of 24%. The differences are explained below.

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	<u>99</u>	<u>16,051</u>
Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 24%	24	4,173
<i>Effects of</i>		
Capital gain allocated from partnership	-	7,852
Unrelieved taxation losses carried forward/(utilisation of losses)	<u>(24)</u>	<u>(12,025)</u>
Current tax charge for the period (note 3(a))	<u>-</u>	<u>-</u>

**Factors affecting the future tax charge**

On 20 March 2013 it was announced in the budget that the standard rate of corporation tax in the UK will be reduced from 24% to 20% over the period from 1 April 2012 to 1 April 2015. The effect of the change in the tax rate applies only to deferred tax to the extent to which deferred tax is recognised.

**4 Dividends**

The directors do not recommend payment of a dividend.

**5 Directors' emoluments**

The directors received no emoluments during the year.

**Merseyside Special Investment Mezzanine Fund Two Limited**  
**Notes to the financial statements**  
**for the year ended 31 March 2013**  
**(continued)**

**6 Fixed asset investments**

	<b>Investments</b>	<b>Loans</b>
	<b>£</b>	<b>recognised</b>
		<b>£</b>
<b>Cost</b>		
At 1 April 2012	7,580,000	(7,580,000)
Movement during year	(1,850,000)	1,850,000
<b>At 31 March 2013</b>	<b><u>5,730,000</u></b>	<b><u>(5,730,000)</u></b>
<b>Amounts written off/released</b>		
At 1 April 2012	(7,580,000)	7,580,000
Movement in year	1,850,000	(1,850,000)
<b>At 31 March 2013</b>	<b><u>(5,730,000)</u></b>	<b><u>5,730,000</u></b>
<b>Net book value</b>		
At 1 April 2012 and 31 March 2013	<u>-</u>	<u>-</u>

<b>Name of undertaking</b>	<b>Principal activity</b>	<b>Description of investment</b>	<b>Proportion of interest in the capital of the partnership</b>
Merseyside Special Investment Mezzanine Fund 2 Limited Partnership	Investment fund	Partner's Capital	100%

The above entity is registered and operates in England and Wales. Its registered office is 2nd Floor, Exchange Court, 1 Dale Street, Liverpool. Its accounting period is coterminous with that of this company.

A copy of the accounts for the period ended 31 March 2013 of the above undertaking will be appended to these accounts when submitted to the Registrar of Companies.

<b>7 Creditors : amounts falling due within one year</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Amounts due to parent	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>8 Creditors : amounts falling due after more than one year</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Other creditors	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

**Merseyside Special Investment Mezzanine Fund Two Limited**  
**Notes to the financial statements**  
**for the year ended 31 March 2013**  
**(continued)**

<b>9 Share capital</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Issued , called up and fully paid</b>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>
<b>10 Reserves</b>		<b>Profit and</b>
		<b>loss account</b>
		<b>£</b>
At 1 April 2012		16,059
Profit for the financial year		<u>99</u>
At 31 March 2013		<u><b>16,158</b></u>
<b>11 Reconciliation of movement in equity shareholders' funds</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Opening Equity shareholders' funds	16,061	10
Profit for the financial year	<u>99</u>	<u>16,051</u>
Closing Equity shareholders' funds	<u><b>16,160</b></u>	<u><b>16,061</b></u>

**12 Capital commitments**

The Company had no capital commitments at the year end (2012 £Nil)

**13 Related party transactions**

The Company, being a wholly owned subsidiary, has taken advantage of the exemptions afforded by FRS 8 'Related Party Disclosures' not to disclose transactions with other companies in the group headed by Merseyside Special Investment Fund Limited

**14 Ultimate parent company**

In their opinion, the directors consider Merseyside Special Investment Fund Limited, a company registered in England and Wales, to be the ultimate parent company. A copy of the financial statements of this company can be obtained from the Company Secretary at the Registered Office, given on page 1