

Merseyside Special Investment Mezzanine Fund Two Limited

Registered No. 04257322

Annual report and financial statements

for the year ended 31 March 2016

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Merseyside Special Investment Mezzanine Fund Two Limited
Annual report and financial statements
Registered No. 04257322
31 March 2016

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Directors and company information

Directors

Mr R Swainson
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

Bankers

Natwest Bank
22 Castle Street
Liverpool
L2 0UP

Solicitors

Davies Wallis Foyster
5 Castle Street
Liverpool
L2 4XE

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Report of the directors

The directors present their report and accounts for the year ended 31 March 2016

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 provides 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 result for the year was £Nil (2015 £150 profit)

Dividends

The directors do not recommend payment of a dividend

Directors

The directors who served during the year ended 31 March 2016 and up to the date of signing the financial statements, were as follows

Mr R Swainson
Mr T Atherton - Resigned 20 July 2015
Mr B McCann
Mr A Rigby
Mrs L Greenhalgh
Mr M Basnett

No director of the Company has any interest in the Company or the group within the meaning of the Companies Act 2006. The ultimate parent company, Merseyside Special Investment Fund Limited is limited by guarantee

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Report of the directors
(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

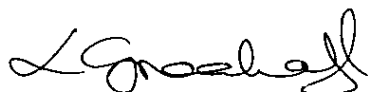
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting 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,
- 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.

This report was approved by the Board on 21 July 2016 and signed on its behalf



L Greenhalgh
Director

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Profit and Loss Account
for the year ended 31 March 2016

	Notes	2016 £	2015 £
Other income		-	150
Bank interest receivable		-	-
Profit on ordinary activities before taxation		<u>-</u>	<u>150</u>
Tax on profit on ordinary activities	4	-	-
Profit for the financial year		<u><u>-</u></u>	<u><u>150</u></u>

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 7 to 10 form an integral part of these financial statements.

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Balance Sheet
as at 31 March 2016

	Notes	2016 £	2015 £
Fixed assets			
Investments	5	-	-
Current assets			
Cash at bank and in hand		16,328	16,328
Net assets		<u>16,328</u>	<u>16,328</u>
Financed by:			
Share capital	6	2	2
Reserves		16,326	16,326
Equity shareholders' funds		<u>16,328</u>	<u>16,328</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

Advantage has been taken of the audit exemption available for small companies conferred by section 479a of the Companies Act 2006 on the grounds

a that for the year ended 31 March 2016 the company was entitled to the exemption from a statutory audit under section 479a of the Companies Act 2006 relating to small companies, and

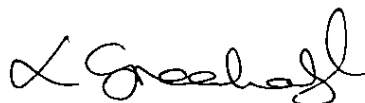
b that no notice has been deposited under section 476 of the Companies Act 2006 in relation to the financial statements for the financial year

The directors acknowledge their responsibilities for

a ensuring that the company keeps adequate accounting records which comply with section 386 of the Companies Act 2006, and

b preparing financial statements which give a true and fair view of the state of the affairs of the company at 31 March 2016 and of its profit or loss for the year then ended in accordance with the requirement of section 394 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements so far as applicable to the company'

The financial statements on pages 4 to 10 were approved by the Board of Directors on 21 July 2016 and were signed on its behalf by



L Greenhalgh
Director

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Statement of Changes in Equity

	Called up Share capital £	Profit and loss account £	Total equity £
Balance at 1 April 2014	2	16,476	16,478
Total comprehensive income for the period			
Loss for the period	-	(150)	(150)
Balance at 31 March 2015	<u>2</u>	<u>16,326</u>	<u>16,328</u>

	Called up Share capital £	Profit and loss account £	Total equity £
Balance at 1 April 2015	2	16,326	16,328
Total comprehensive income for the period			
Loss for the period	-	-	-
Balance at 31 March 2016	<u>2</u>	<u>16,326</u>	<u>16,328</u>

Notes to the financial statements

1 Accounting policies

Merseyside Special Investment Mezzanine Fund Two Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the UK

1.1 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“*FRS 102*”) as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments.

The Company’s ultimate parent undertaking Merseyside Special Investment Fund Ltd includes the Company in its consolidated financial statements. The consolidated financial statements of Merseyside Special Investment Fund Ltd are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from MSIF Ltd, 2nd Floor, 1 Dale Street, Liverpool L2 2PP. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period,
- Cash Flow Statement and related notes, and
- Key Management Personnel compensation

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis.

1.3 Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis in preparing the annual financial statements.

Notes to the financial statements
(continued)

1.4 Basic financial instruments

Cash and cash equivalents

Cash and cash equivalents comprise cash balances

1.5 Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.6 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.7 Turnover

The company had no turnover during the year. The income in the previous year was a refund of bank charges.

1.8 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 (2015: £Nil) that relates wholly to the audit of the company has been borne by a fellow undertaking.

2 Dividends

The directors do not recommend payment of a dividend.

3 Directors' emoluments

The directors received no emoluments during the year.

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4 Tax on profit on ordinary activities

4a Tax - ordinary activities	2016	2015
	£	£
UK corporation tax on profits of the period	<u>-</u>	<u>-</u>

4b Factors affecting tax charge for year

The tax assessed for the period is lower (2015 lower) than the standard rate of corporation tax in the UK of 20%. The differences are explained below

	2016	2015
	£	£
Loss on ordinary activities before tax	<u>-</u>	<u>150</u>
Loss on ordinary activities multiplied by Corporation tax in the UK of 20%	-	32
<i>Effects of</i>		
Expenses not deductible for tax purposes	-	
Profits/(losses) allocated from partnership	(25,611)	-
Utilisation of tax losses in other companies		-
Group relief not paid	6,348	-
Unrelieved taxation losses carried forward/(utilisation of losses)	-	(32)
Adjust closing deferred tax to average rate of 20%	1,928	-
Deferred tax not recognised	<u>17,335</u>	<u>-</u>
Current tax charge for the period	<u>-</u>	<u>-</u>

5 Fixed asset investments

	Investments	Loans recognised
	£	£
Cost		
At 1 April 2015	5,730,000	(5,730,000)
Movement during year	(1,333,000)	1,333,000
At 31 March 2016	<u>4,397,000</u>	<u>(4,397,000)</u>
Amounts written off/released		
At 1 April 2015	(5,730,000)	5,730,000
Movement in year	1,333,000	(1,333,000)
At 31 March 2016	<u>(4,397,000)</u>	<u>4,397,000</u>
Net book value		
At 1 April 2015 and 31 March 2016	<u>-</u>	<u>-</u>

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5 Fixed asset investments (continued)

Name of undertaking	Principal activity	Description of investment	Proportion of interest in the capital of the partnership
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 2016 of the above undertaking will be appended to these accounts when submitted to the Registrar of Companies.

6 Share capital	2016	2015
	£	£
Authorised		
1,000 ordinary shares of £1 each	<u><u>1,000</u></u>	<u><u>1,000</u></u>
Issued, called up and fully paid		
2 ordinary shares of £1 each	<u><u>2</u></u>	<u><u>2</u></u>

7 Capital commitments

The Company had no capital commitments at the year end (2015 £Nil)

8 Related party transactions

The Company, being a wholly owned subsidiary, has taken advantage of the exemption available under Section 33 of FRS 102 to not disclose transactions with other companies in the group headed by Merseyside Special Investment Fund Limited.

9 Ultimate parent company

The ultimate parent company, the controlling party and the only company to consolidate the results of Merseyside Special Investment Mezzanine Fund Two Limited, is Merseyside Special Investment Fund Limited which is registered in England and Wales. A copy of the consolidated financial statements can be obtained from 2nd Floor, Exchange Court, 1 Dale Street, Liverpool, L2 2PP.