

Merseyside Special Investment Mezzanine Fund Two Limited

Registered No. 04257322

Annual report and financial statements

for the year ended 31 March 2018

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Merseyside Special Investment Mezzanine Fund Two Limited
Annual report and financial statements
Registered No. 04257322
31 March 2018

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Directors and company information

Directors

Mr R Swainson
Mr B McCann
Mrs L Greenhalgh
Mr M Basnett
Mr J O'Brien
Ms E O'Donnell

Secretary

Mrs L Greenhalgh

Registered Office

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

Bankers

Natwest Bank
2-8 Church Street
Liverpool
L1 3BG

Solicitors

Davies Wallis Foyster
5 St Paul's Square
Liverpool
L3 9AE

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Report of the directors

The directors present their report and accounts for the year ended 31 March 2018.

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 was set up to establish, support and monitor investment funds via its interest in the Merseyside Special Investment Mezzanine Fund No. 2 Limited Partnership which provided loans to small and medium sized enterprises (SMEs) operating in the county of Merseyside, thereby assisting to regenerate business in the region. That Partnership has since been liquidated therefore trading activity has been minimal.

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 company incurred a loss of £30 (£Nil: 2017) for the year ended 31 March 2018.

Dividends

The directors do not recommend payment of a dividend.

Directors

The directors who served during the year ended 31 March 2018 and up to the date of signing the financial statements, were as follows:

Mr R Swainson

Mr B McCann

Mr A Rigby - resigned 20 November 2017

Mrs L Greenhalgh

Mr M Basnett

Mr J O'Brien - appointed 20 November 2017

Ms E O'Donnell - appointed 6 September 2017

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 financial statements in accordance with applicable law and regulations.

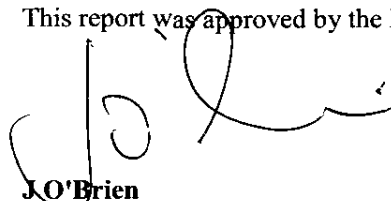
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial 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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

This report was approved by the Board on 17 July 2018 and signed on its behalf


J. O'Brien
Director

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Profit and Loss Account
for the year ended 31 March 2018

	Notes	2018 £	2017 £
Administrative and investment expenses		<u>(30)</u>	<u>-</u>
Operating loss before interest		(30)	-
Loss on ordinary activities before taxation		(30)	-
Tax on loss on ordinary activities	4	-	-
Loss for the financial year		<u>(30)</u>	<u>-</u>

All operations are continuing.

There is no material difference between the loss on the ordinary activities before taxation and the retained loss 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 11 form an integral part of these financial statements.

Merseyside Special Investment Mezzanine Fund Two Limited
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Balance Sheet
as at 31 March 2018

	Notes	2018 £	2017 £
Fixed assets			
Investments	5	-	-
Current assets			
Cash at bank and in hand		16,298	16,328
Net assets		<u>16,298</u>	<u>16,328</u>
Financed by:			
Share capital	6	2	2
Reserves		16,296	16,326
Equity shareholders' funds		<u>16,298</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.

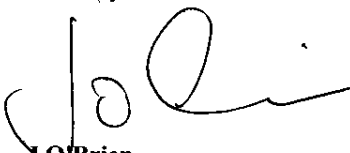
Advantage has been taken of the audit exemption available for small companies conferred by section 479a of the Companies Act 2006 on the grounds:

- a. that for the year ended 31 March 2018 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 2018 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 11 were approved by the Board of Directors on 17 July 2018 and were signed on its behalf by


J O'Brien
Director

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Statement of Changes in Equity

	Called up Share capital £	Profit and loss account £	Total equity £
Balance at 1 April 2016	2	16,326	16,328
Total comprehensive income for the period			
Result for the period	-	-	-
Balance at 31 March 2017	<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 2017	2	16,326	16,328
Total comprehensive income for the period			
Loss for the period	-	(30)	(30)
Balance at 31 March 2018	<u>2</u>	<u>16,296</u>	<u>16,298</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, domiciled and registered in the UK. The registered number is 04257322 and the registered address is 2nd Floor, Exchange Court, 1 Dale Street, Liverpool, L2 2PP.

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”). 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 available to the public and may be obtained from the above address. 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 (2016: £Nil) that relates wholly to the audit of the company has been borne by a fellow undertaking.

1.9 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Notes to the financial statements
(continued)

1.9 Taxation (continued)

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Dividends

The directors do not recommend payment of a dividend.

3 Directors' emoluments

The directors received no emoluments during the year.

4 Loss on ordinary activities before taxation

4a Tax - ordinary activities	2018	2017
	£	£
UK corporation tax on profits of the period	<u>-</u>	<u>-</u>
4b Deferred tax:		
Deferred tax asset not recognised	<u>(194)</u>	<u>(2,676)</u>

Notes to the financial statements
(continued)

4 Tax on profit on ordinary activities (continued)

4c Factors affecting tax charge for year

The tax assessed for the period is lower (2017: lower) than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2018 £	2017 £
Loss on ordinary activities before tax	<u>(30)</u>	<u>-</u>
Loss on ordinary activities multiplied by Corporation tax in the UK of 19%	(6)	-
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	-
Profits/(losses) allocated from partnership	-	-
Utilisation of tax losses in other companies	-	-
Group relief not paid	-	-
Adjustments to brought forward values	(211)	14,023
Adjust closing deferred tax to average rate of 19%	23	472
Adjust opening deferred tax to average rate of 19%	-	(1,717)
Deferred tax not recognised	<u>194</u>	<u>(12,778)</u>
Current tax charge for the period	<u>-</u>	<u>-</u>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) was substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. The deferred tax asset/liability at 31 March 2018 has been calculated based on the latest substantially enacted rate of 17%.

5 Fixed asset investments

	Investments £	Loans recognised £
Cost		
At 1 April 2017	4,183,000	(4,183,000)
Movement during year	(113,900)	113,900
At 31 March 2018	<u>4,069,100</u>	<u>(4,069,100)</u>
Amounts written off/released		
At 1 April 2017	4,183,000	(4,183,000)
Movement in year	(113,900)	113,900
At 31 March 2018	<u>4,069,100</u>	<u>(4,069,100)</u>
At 1 April 2017 and 31 March 2018	<u>-</u>	<u>-</u>

Notes to the financial statements
(continued)

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 2017 of the above undertaking will be appended to these accounts when submitted to the Registrar of Companies.

6 Share capital	2018 £	2017 £
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 (2017: £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.