

SQ3 Limited

Registered number: 04416359

Directors' report and unaudited financial statements

For the year ended 31 December 2018



SQ3 LIMITED

COMPANY INFORMATION

Directors Ian Butchart (appointed 29 August 2018)
Eric M Young
Allan A King (appointed 29 August 2018)
David T Milloy (appointed 29 August 2018)

Registered number 04416359

Registered office Condor House
St Paul's Churchyard
London
EC4M 8AL

SQ3 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the unaudited financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

The directors are responsible for preparing 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 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 judgments 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 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 safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £3,415 (2017 - loss £2,133).

No dividend was paid during the year (2017 - £NIL).

Directors

The directors who served during the year and up to the date of this report were:

Andrew Sutherland (resigned 29 August 2018)
Ian Butchart (appointed 29 August 2018)
Eric M Young
Michael D Rutterford (resigned 29 August 2018)
Allan A King (appointed 29 August 2018)
David T Milloy (appointed 29 August 2018)

SQ3 LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Small companies note

This report has been prepared in accordance with the small companies regime of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:


David Milloy (Feb 14, 2019)

David T Milloy
Director

Date: Feb 14, 2019

SQ3 LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Cost of sales		(2,100)	(2,096)
Gross loss		(2,100)	(2,096)
Administrative expenses		(1,315)	(37)
Operating loss		(3,415)	(2,133)
Tax on loss	4	-	-
Loss for the financial year		(3,415)	(2,133)

There was no other comprehensive income for 2018

The activities relate to continuing operations.

The notes on pages 5 to 9 form part of these financial statements.

SQ3 LIMITED
REGISTERED NUMBER: 04416359

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Current assets			
Debtors: amounts falling due within one year	5	460	350
Cash at bank and in hand		-	1,072
		<u>460</u>	<u>1,422</u>
Creditors: amounts falling due within one year	6	(14,653)	(12,200)
Net current liabilities		<u>(14,193)</u>	<u>(10,778)</u>
Net liabilities		<u>(14,193)</u>	<u>(10,778)</u>
Capital and reserves			
Called up share capital	7	2	2
Profit and loss account	8	(14,195)	(10,780)
		<u>(14,193)</u>	<u>(10,778)</u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


David Milloy (Feb 14, 2019)

David T Milloy
Director


Allan A King (Feb 14, 2019)

Allan A King
Director

Date: Feb 14, 2019

Date: Feb 14, 2019

The notes on pages 5 to 9 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. General information

SQ3 Limited is a private company limited by shares and incorporated in England and Wales, 04416359. The registered office is Condor House, St Paul's Churchyard, London, United Kingdom, EC4M 8AL.

The principal activity of the Company is that of property development with its activities centred round Headriggs Road, South Queensferry.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The Company finances its day to day working capital requirements through a combination of funds advanced to the Company by its shareholders and cash balances.

The nature of the Company's trade is such that the working capital requirements of the Company are completely at the discretion of the Company's directors and the directors are confident that the Company will not incur any working capital liabilities unless the funding to meet those liabilities has already been obtained from the shareholders or an alternative source. The directors have prepared cashflow forecasts which indicate that the Company will continue to have sufficient resources available to it to continue in operational existence by meeting its liabilities as they fall due for payment for a period of at least twelve months from the date of approval of these financial statements.

The directors are satisfied the Company has sufficient resources available to it to be able to continue to fund the Company's operations and accordingly the financial statements continue to be prepared on a going concern basis.

2.3 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.

2.4 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.5 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

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.

2.6 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)**2.7 Taxation**

Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Employees

The average monthly number of employees, excluding directors, during the year was nil (2017 - nil).

4. Taxation

	2018 £	2017 £
Current tax on profits for the year	-	-

SQ3 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. Taxation (continued)**Factors affecting tax charge for the year**

The tax charge assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Loss on ordinary activities before tax	(3,415)	(2,133)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	(649)	(411)
Effects of:		
Unrelieved tax losses carried forward	649	411
Total tax charge for the year	-	-

5. Debtors

	2018 £	2017 £
VAT repayable	110	-
Prepayments	350	350
	460	350

6. Creditors: Amounts falling due within one year

	2018 £	2017 £
Amounts owed to related party (note 9)	403	-
Shareholder loans (note 9)	13,350	11,750
Accruals	900	450
	14,653	12,200

SQ3 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. Share capital

	2018 £	2017 £
Shares classified as equity		
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

8. Reserves**Profit & loss account**

Profit and loss includes all current and prior period retained profits, losses and equity distributions.

9. Related party transactions

Shareholder loans outstanding at the year end were:

	2018 £	2017 £
Amounts due to shareholders		
Miller Developments Holdings Limited	-	5,875
Rutterford Holdings Limited	6,675	5,875
M3 Ltd	6,675	-
	<u>13,350</u>	<u>11,750</u>

The shareholder loans are unsecured, interest free and repayable on demand.

Included within creditors is an amount of £403 (2017: £nil) due to M2 Ventures Limited, a subsidiary undertaking of the ultimate parent, DK Properties (Fife) Limited.

10. Controlling party and parent undertaking

As at 31 December 2018, the Company was a joint venture between M2 Three Limited, a company incorporated and domiciled in the United Kingdom and Rutterford Limited, a company incorporated and domiciled in the United Kingdom.

As at 31 December 2018, M2 Three Limited's ultimate parent company was DK Properties (Fife) Limited, a company incorporated and domiciled in the United Kingdom.

As at 31 December 2018, Rutterford Limited's ultimate parent company was Rutterford (Holdings) Limited, a company incorporated and domiciled in the United Kingdom.