

**MCV North Shields Limited**

***Annual report and financial statements***

for the year to 31 December 2006

Registered number 05093428

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## **Directors' report and financial statements**

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## **Directors' report**

The directors have pleasure in submitting their annual report and audited financial statements for the year to 31 December 2006.

### **Principal activities**

The principal activity of the company is property trading.

### **Results and dividends**

The profit for the year, after taxation, amounted to £63,477 (2005: £40,863).

### **Directors and directors' interests**

The directors who served during the period were as follows:

JAB Kennedy  
RWM Brook  
B Porter  
N Hill  
RR Lawrie  
JC Blakemore

The directors have no disclosable interests in the shares of the company.

### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.


### **Political and charitable contributions**

The company made no political contributions or charitable donations during the year.

### **Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of Ernst & Young LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

  
**JK Brown**  
Secretary

33 Castle Street  
Edinburgh  
24 October 2007

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

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).

The financial statements are required by law to 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; 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCV NORTH SHIELDS LIMITED**

We have audited the financial statements of MCV North Shields Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of audit opinion**

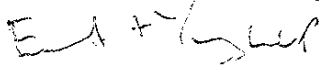
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



Ernst & Young LLP  
Registered auditor  
Edinburgh  
24 October 2007

**MCV North Shields Limited**  
*Directors' report and financial statements*  
for the year to 31 December 2006

**Profit and loss account**  
for the year to 31 December 2006

	Notes	2006 £	2005 £
<b>Turnover</b>	2	253,031	243,822
Cost of sales		(9,535)	(1,993)
		<hr/>	<hr/>
<b>Gross profit</b>		243,496	241,829
Administrative Expenses		(15,290)	(21,281)
		<hr/>	<hr/>
<b>Operating profit</b>	3-4	228,206	220,548
Interest receivable	5	9,206	9,606
Interest payable and similar charges	6	(175,447)	(171,779)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		61,965	58,375
Tax on ordinary activities	7	1,512	(17,512)
		<hr/>	<hr/>
<b>Retained profit for the financial period</b>	13	63,477	40,863
		<hr/>	<hr/>

There are no recognised gains and losses other than the profit attributable to shareholders of the company of £73,477 (2005: £40,863) for the year to 31 December 2006.

The profit for the financial year has been derived from continuing activities.

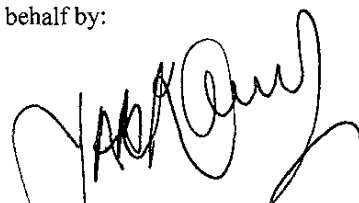
There is no material difference between results as stated and results prepared on a historical cost basis.

**MCV North Shields Limited**  
*Directors' report and financial statements  
for the year to 31 December 2006*

**Balance sheet**  
*as at 31 December 2006*

	Note	2006 £	2005 £
<b>Current assets</b>			
Stocks	8	2,580,464	2,580,464
Debtors	9	232,319	155,887
Cash at bank		3,224	19,947
		<hr/>	<hr/>
		2,816,007	2,756,298
 <b>Creditors: amounts falling due within one year</b>	 10	 (843,015)	 (372,765)
		<hr/>	<hr/>
<b>Net current assets</b>		1,972,992	2,383,534
 <b>Creditors: amounts falling due after one year</b>	 11	 (1,855,650)	 (2,329,668)
		<hr/>	<hr/>
<b>Net assets</b>		117,342	53,865
		<hr/>	<hr/>
 <b>Capital and reserves</b>			
Called up share capital	12	2	2
Profit and loss account	13	117,340	53,863
		<hr/>	<hr/>
<b>Shareholders' funds</b>	14	117,342	53,865
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 24 October 2007 and were signed on its behalf by:



**JAB Kennedy**  
*Director*

## **Notes**

*(forming part of the financial statements)*

### **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 preparation***

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and in accordance with applicable Accounting Standards.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Melville Crescent Ventures Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Melville Crescent Ventures Limited, within which the company is included, can be obtained from the address given in note 15.

#### ***Trading properties and developments***

These assets are valued at the lower of cost or net realisable value. Cost includes the purchase cost of land and buildings, development expenditure and attributable finance costs including arrangement fees. Net realisable value is based on the estimated selling price less cash expected to be incurred to completion and disposal.

#### ***Deferred taxation***

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. No deferred tax is provided on capital allowances in respect of assets not subject to depreciation. No provision is made in the financial statements for taxation which may become payable if investment properties held for long term retention were disposed of at their revalued amounts.

#### ***Leasing and hire purchase commitments***

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.



**Notes (continued)**

**2 Turnover**

Turnover is attributable to the receipt of rental income and related service charge income.

**3 Operating profit**

	2006	2005
	£	£
<i>Operating profit is stated after charging</i>		
Auditors' remuneration	1,500	1,500
	<u>1,500</u>	<u>1,500</u>

**4 Staff costs and numbers**

The directors received no remuneration for their services to the company. Apart from the directors, there were no employees during the period (2005: nil).

**5 Interest receivable**

	2006	2005
	£	£
Bank interest	243	783
Interest receivable from fellow subsidiary	8,963	8,823
	<u>9,206</u>	<u>9,606</u>

**6 Interest payable and similar charges**

	2006	2005
	£	£
Loans	148,580	171,779
Interest payable to fellow subsidiary	26,867	-
	<u>175,447</u>	<u>171,779</u>

**7 Tax charge on profit on ordinary activities**

	2006	2005
	£	£
<i>UK corporation tax</i>		
Current tax on income for the period	(1,512)	17,512
	<u>(1,512)</u>	<u>17,512</u>

*Factors affecting the tax charge for the current period*

The current tax charge is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below.

**Notes (continued)**

	2006	2005
	£	£
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	61,965	58,375
	<hr/>	<hr/>
Current tax at 30%	18,590	17,512
<i>Effects of:</i>		
Group relief	(8,590)	-
Prior year adjustment	(11,512)	-
	<hr/>	<hr/>
Current tax charge (see above)	(1,512)	17,512
	<hr/>	<hr/>
<b>8 Stocks</b>	<b>2006</b>	<b>2005</b>
	£	£
Trading properties	2,580,464	2,580,464
	<hr/>	<hr/>
<b>9 Debtors</b>	<b>2006</b>	<b>2005</b>
	£	£
Trade debtors	63,378	-
Amount due from fellow subsidiary undertakings	10,600	-
Amounts due from parent company undertaking	158,341	155,887
	<hr/>	<hr/>
	232,319	155,887
	<hr/>	<hr/>
<b>10 Creditors: amounts falling due within one year</b>	<b>2006</b>	<b>2005</b>
	£	£
Trade creditors	-	470
Amount due to fellow subsidiary undertakings	485,252	-
Amount due to related parties	258,851	258,851
Corporation tax	10,000	17,512
Accruals and deferred income	88,912	95,932
	<hr/>	<hr/>
	843,015	372,765
	<hr/>	<hr/>

**Notes (continued)**

**11 Creditors: amounts falling due after more than one year**

	2006	2005
	£	£
Bank loans	1,855,650	2,329,668
	<u>          </u>	<u>          </u>
	2006	2005
	£	£
Amounts repayable:		
Between one and two years	1,855,650	-
In more than two years but not more than five years	-	2,329,668
	<u>          </u>	<u>          </u>
	2006	2005
	£	£
Secured bank loan repayable 15 January 2008	1,855,650	1,920,000
Secured mezzanine loan repayable 15 January 2008	-	409,668
	<u>          </u>	<u>          </u>
Bank loans	1,855,650	2,329,668
	<u>          </u>	<u>          </u>

The long term loans are secured by fixed charges over the properties of the group.

**12 Called up share capital**

	Authorised	Allotted and called up
	£	£
Ordinary shares of £1 each	100	2
	<u>          </u>	<u>          </u>

**13 Profit and loss account**

	2006	2005
	£	£
At 1 January	53,863	13,000
Profit for the year	63,477	40,863
	<u>          </u>	<u>          </u>
At 31 December	117,340	53,863
	<u>          </u>	<u>          </u>

**Notes (continued)**

**14 Reconciliation of movements in shareholders' funds**

	2006	2005
	£	£
Opening shareholders' funds	53,865	13,002
Profit for the year	63,477	40,863
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	<b>117,342</b>	<b>53,865</b>
	<hr/> <hr/>	<hr/> <hr/>

**15 Related party transactions**

	2006	2005
	£	£
Kenmore Investments Ltd	131,953	131,953
Eldon Street (Birchin) Ltd	126,898	126,898
	<hr/>	<hr/>
	<b>258,851</b>	<b>258,851</b>
	<hr/> <hr/>	<hr/> <hr/>

Amounts due to related party totalling £258,851 represents £131,953 due to Kenmore Investments Limited and £126,898 due to Eldon Street (Birchin) Limited, the joint venture partners of Melville Crescent Ventures Limited. This liability resulted from Kenmore Investments Limited and Eldon Street (Birchin) Limited providing finance to MCV North Shields Limited to assist the purchase of the trading property. All transactions with both parties have been at arms length throughout the financial year.

**16 Ultimate parent undertaking**

The company is a wholly owned subsidiary undertaking of Melville Crescent Ventures Limited, incorporated in England and Wales. Melville Crescent Ventures Limited is a joint venture between Kenmore Investments Limited and Eldon Street (Birchin) Limited. The consolidated financial statements of Melville Crescent Ventures Limited are available to the public and may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

**17 Post balance sheet events**

In January 2007 the property held at Unicorn House, North Shields was sold.