



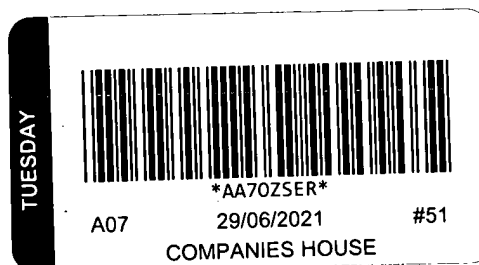
Smailes Goldie Group
CREATING ADVANTAGE

REGISTERED NUMBER: 05607094

Morpeth II Limited

Financial Statements

30th September 2020



Morpeth II Limited (Registered number: 05607094)

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Morpeth II Limited

Company Information

for the year ended 30th September 2020

DIRECTORS:

M Dransfield
S J Stead
J E Shepherd

SECRETARY:

S Burgess

REGISTERED OFFICE:

Dransfield House
2 Fox Valley Way
Fox Valley
Sheffield
South Yorkshire
S36 2AB

REGISTERED NUMBER:

05607094 (England and Wales)

AUDITORS:

Smailes Goldie
Chartered Accountants
Statutory Auditor
Regent's Court
Princess Street
Hull
East Yorkshire HU2 8BA

Morpeth II Limited (Registered number: 05607094)

Balance Sheet

30th September 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Investment property	4	24,750,000	28,150,000
CURRENT ASSETS			
Debtors	5	1,076,086	1,487,340
Cash at bank		<u>455,451</u>	<u>279,108</u>
		1,531,537	1,766,448
CREDITORS			
Amounts falling due within one year	6	<u>4,034,349</u>	<u>2,660,658</u>
NET CURRENT LIABILITIES		<u>(2,502,812)</u>	<u>(894,210)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		22,247,188	27,255,790
CREDITORS			
Amounts falling due after more than one year	7	<u>15,587,500</u>	<u>17,797,500</u>
NET ASSETS		<u>6,659,688</u>	<u>9,458,290</u>
CAPITAL AND RESERVES			
Called up share capital	10	1,238,593	1,238,593
Non-distributable reserves	11	-	2,622,572
Retained earnings	11	<u>5,421,095</u>	<u>5,597,125</u>
SHAREHOLDERS' FUNDS		<u>6,659,688</u>	<u>9,458,290</u>

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Statement of Comprehensive Income has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 25th May 2021 and were signed on its behalf by:



M Dransfield - Director

The notes form part of these financial statements

Morpeth II Limited (Registered number: 05607094)

Notes to the Financial Statements

for the year ended 30th September 2020

1. STATUTORY INFORMATION

Morpeth II Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared in accordance with applicable accounting standards including Section 1A "Small Entities" of Financial Reporting Standard 102 the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Turnover

Turnover is measured at the fair value of the consideration received or receivable net of VAT. The policies adopted for the recognition of turnover are as follows:

Turnover from the rental of premises and related service charges are accounted for on a straight line basis over the lease term, save where under the transitional rules on the introduction of FRS 102, rental income on pre-existing leases continues to be accounted for on a straight line basis over the shorter of the period from the lease commencement date to the date of the first open market rent review or the lease break clause, whichever is earlier. The company treats any general incentive for lessees to enter into a lease agreement as a revenue cost and accounts for rental income from the lease commencement date. The cost of all lease incentives is therefore offset against the total rent due.

Investment property

Investment properties are measured at fair value at each reporting date with changes in fair value recognised in the statement of comprehensive income.

Tax

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured as the amount expected to be paid or recovered using the tax rates and laws have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements. 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. In addition deferred tax is only recognised on accelerated capital allowances on plant in investment properties where the difference in tax treatment is not considered to be permanent in view of the available tax elections on disposal.

Deferred tax is measured using the tax rates and laws, that have been enacted or substantively enacted by the balance sheet date, that are expected to apply to the reversal of timing differences. Deferred tax on revalued non-depreciable tangible fixed assets and investment properties is measured using the rates and allowances that apply to the sale of the asset.

Morpeth II Limited (Registered number: 05607094)

Notes to the Financial Statements - continued

for the year ended 30th September 2020

2. ACCOUNTING POLICIES - continued

Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment.

Finance charges

Finance charges incurred relating directly to the construction of tangible fixed assets are capitalised as part of that asset cost. Capitalisation is limited to the period during which the development is ongoing.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other administrative expenses.

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was NIL (2019 - NIL).

4. INVESTMENT PROPERTY

	Total £
FAIR VALUE	
At 1st October 2019	28,150,000
Additions	93,263
Revaluations	<u>(3,493,263)</u>
At 30th September 2020	<u>24,750,000</u>
NET BOOK VALUE	
At 30th September 2020	<u>24,750,000</u>
At 30th September 2019	<u>28,150,000</u>

A completed investment property was valued as at 21st October 2020 by CBRE at open market value.

Finance costs

In order to show an asset's true cost, finance costs incurred whilst construction of an asset is ongoing, are capitalised as part of that asset's cost. Total finance costs capitalised on the construction of the above investment properties to date amount to £574,239.

Morpeth II Limited (Registered number: 05607094)

Notes to the Financial Statements - continued for the year ended 30th September 2020

5. DEBTORS

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	82,718	12,558
Other debtors	548,412	1,049,683
Prepayments	<u>84,973</u>	<u>88,132</u>
	<u>716,103</u>	<u>1,150,373</u>
Amounts falling due after more than one year:		
Other debtors	297,463	336,967
Prepayments and accrued income	<u>62,520</u>	<u>-</u>
	<u>359,983</u>	<u>336,967</u>
Aggregate amounts	<u>1,076,086</u>	<u>1,487,340</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Bank loans and overdrafts	2,460,000	1,452,500
Trade creditors	37,815	113,516
Amounts owed to group undertakings	806,399	302,992
Taxation and social security	198,400	150,619
Other creditors	<u>531,735</u>	<u>641,031</u>
	<u>4,034,349</u>	<u>2,660,658</u>

7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £	2019 £
Bank loans	<u>15,587,500</u>	<u>17,797,500</u>

Whilst £1,960,000 of this facility was repaid after the year end (and has therefore been disclosed in creditors falling due within one year) that element was effectively replaced by longer term facilities.

8. LEASING AGREEMENTS

The investment property is divided into retail units which are let out to tenants under operating leases. At the year end the committed lease receipts due under non-cancellable leases are as follows:

	2020 £	2019 £
Falling due:		
Within one year	1,658,770	1,818,195
Between one and five years	4,208,113	5,183,958
Over five years	<u>1,544,741</u>	<u>1,908,412</u>
	<u>7,411,624</u>	<u>8,910,565</u>

Morpeth II Limited (Registered number: 05607094)

Notes to the Financial Statements - continued for the year ended 30th September 2020

9. SECURED DEBTS

The following secured debts are included within creditors:

	2020 £	2019 £
Bank loans	<u>18,047,500</u>	<u>19,250,000</u>

The bank loan is secured by fixed and floating charges.

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £	2019 £
1	A Ordinary	£1	1	1
1,238,592	B Ordinary	£1	<u>1,238,592</u>	<u>1,238,592</u>
			<u>1,238,593</u>	<u>1,238,593</u>

11. RESERVES

	Retained earnings £	Non-distributable reserves £	Totals £
At 1st October 2019	5,597,125	2,622,572	8,219,697
Deficit for the year	(2,798,602)	-	(2,798,602)
Reclassification	<u>2,622,572</u>	<u>(2,622,572)</u>	-
At 30th September 2020	<u>5,421,095</u>	<u>-</u>	<u>5,421,095</u>

Retained earnings

Retained earnings represents cumulative profits and losses net of dividends and other adjustments.

Non-distributable reserve

Where investment properties are measured at fair value a transfer is made to the non-distributable reserve, instead of a transfer to retained earnings, to assist with the identification of profits available for distribution.

12. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Ian Lamb FCA CF (Senior Statutory Auditor)
for and on behalf of Smailes Goldie

13. CAPITAL COMMITMENTS

	2020 £	2019 £
Contracted but not provided for in the financial statements	<u>182,258</u>	<u>-</u>

Morpeth II Limited (Registered number: 05607094)

Notes to the Financial Statements - continued

for the year ended 30th September 2020

14. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102A 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

15. POST BALANCE SHEET EVENTS

During the year and after the balance sheet date, the virus known as COVID-19 has spread worldwide leading to various restrictions on movement and businesses being imposed, including two further nationwide lockdowns in the United Kingdom in November and January.

Whilst the company does have a substantial essential retailer base (those tenants remaining open for business throughout) many of the company's tenants are nevertheless in the retail sector which has been badly affected. The company has actively engaged with those tenants to assist them where appropriate which has impacted the current year results. Non-essential retail tenants could open on 12th April 2021 and the hospitality sector was allowed to open on 17th May 2021. Accordingly, there are positive signs going forward.

As a consequence of the above the company has put several measures in place to mitigate the risks to the business caused by COVID-19, including making cost savings. The company has close relationships and active dialogue with its bankers such that it is confident that there will be sufficient flexibility to deal with the situation throughout the recovery.

The investment property values at the balance sheet date reflect the challenges in the retail sector. However, the company believes its valuations to be robust and as a result of that and its strong tenant base, those prudent valuations should increase in the medium term.

16. CONTROL RELATIONSHIPS

The company is controlled by Mark Dransfield.

Ultimate parent company

The company's parent company is Dransfield Properties Limited. The registered office of this company is the same as can be found on page 1 of these financial statements.

The company's ultimate parent company is Dransfield Properties Investments Limited. The registered office of this company is the same as can be found on page 1 of these financial statements.

The smallest group in which the results of the company are consolidated is that headed by Dransfield Properties Limited, and the largest group that headed by Dransfield Properties Investments Limited. The consolidated financial statements of both groups are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.