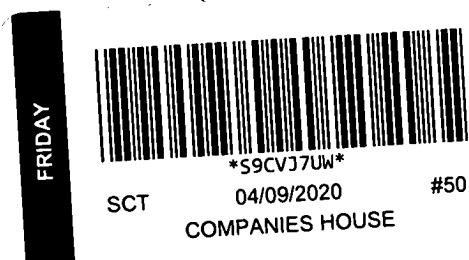


Quartermile Ventures Limited

Annual report and financial statements for the year ended 31 December 2019

Company number: SC210170



Quartermile Ventures Limited

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Quartermile Ventures Limited

Company information

Directors

Paul Curran
Michael Milligan

Registered office

6-8 Wemyss Place
Edinburgh
EH3 6DH

Registration number

SC210170

Solicitor's address

Brodies LLP
15 Atholl Crescent
Edinburgh
EH3 8HA

Banker's address

HSBC Bank
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Quartermile Ventures Limited

Directors' report for the year ended 31 December 2019 (continued)

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2019.

Review of the business

The statement of total comprehensive income is set out on page 4 and shows a profit on ordinary activities before taxation for the year of £332,000 (2018: £17,055,000).

Interim dividends of £90,000 (2018: £41,006,000) were paid during the year.

The directors do not recommend the payment of a final dividend (2018: £nil). Accordingly, the profit for the financial year of £332,000 (2018: £14,375,000) has been transferred to reserves.

The company is appointed as development manager by M&G Real Estate on the Haymarket development, Edinburgh. The development is another high-profile strategic development within the City following Quartermile, delivering three office buildings and two hotels, together with retail space. Two of the office buildings have been let in full, and both hotels have been merged and leased to City of Edinburgh Council, with a hotel operator on board to manage it. The development of all three office blocks is underway.

The company also completed the sale of some car parking spaces and Quartermile, the remainder will be sold in 2020. In addition, development profit earned through the development of Quartermile 3, the forward funded office block with M&G, was also realised.

The Company provides development and construction management services to both commercial and residential property projects and continues to seek new opportunities.

Future developments

Construction on the Haymarket project has commenced following the appointment of Sir Robert MacAlpine. The project has attracted a large amount of interest from prospective occupiers, with 4 of the 5 buildings now substantially with an agreement to lease. The project is anticipated to be completed within five years.

The company continues to actively pursue new development opportunities and funding solutions.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Paul Curran
Michael Milligan

Quartermile Ventures Limited

Directors' report for the year ended 31 December 2019 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 section 1A Small Entities "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

The directors 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.

For the period ending 31 December 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

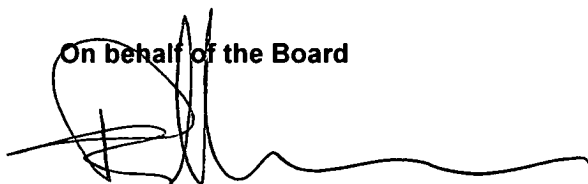
Directors responsibilities:

- The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006; and
- The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

The financial statements on pages 4 to 19 were approved by the Board and authorised for issue on 2 September 2020.

On behalf of the Board



Paul Curran
Director

2 September 2020

Quartermile Ventures Limited

Statement of comprehensive income for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Turnover	3	750	35,093
Cost of sales		452	(16,942)
Gross profit		1,202	18,151
Administrative expenses		(877)	(1,129)
Operating profit	4	325	17,022
Interest receivable and similar income	5	17	37
Interest payable and similar charges	5	(10)	(4)
Profit on ordinary activities before taxation		332	17,055
Tax on profit on ordinary activities	6	-	(2,680)
Profit for the financial year		332	14,375
Profit for the financial year attributable to: Owners of Company		332	14,375
Total comprehensive income for the financial year attributable to: Owners of Company		332	14,375

Quartermile Ventures Limited

Statement of financial position as at 31 December 2019

	Note	2019 £'000	2018 £'000
Current assets			
Stock	8	750	895
Debtors (including £78,000, 2018: £78,000) due after one year)	9	1,039	595
Cash at bank and in hand		1,057	3,050
		2,846	4,540
Creditors: amounts falling due within one year	10	(2,248)	(4,184)
Net current assets		598	356
Net assets		598	356
Capital and reserves			
Called up share capital	11	-	-
Share premium account		22	22
Capital contribution reserve		-	-
Profit and loss account		576	334
Total shareholder's funds		598	356

Quartermile Ventures Limited

Statement of financial position as at 31 December 2019 (continued)

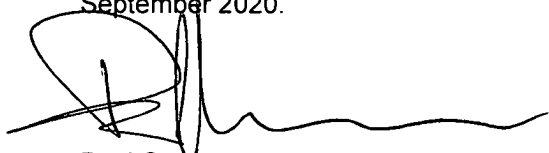
For the period ending 31 December 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors responsibilities:

- The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006; and
- The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

The financial statements on pages 5 to 15 were approved by the Board and authorised for issue on 2 September 2020.

A handwritten signature in black ink, appearing to read 'Paul Curran', with a long horizontal flourish extending to the right.

Paul Curran

Director

Quartermile Ventures Limited

Registered number: SC210170

Quartermile Ventures Limited

Statement of changes in equity for the year ended 31 December 2019

	Share premium account	Capital contribution reserve	Profit and loss account	Total shareholder's funds
	£'000	£'000	£'000	£'000
At 1 January 2018	22	38,619	(11,654)	26,987
Profit for the financial year	-		14,375	14,375
Dividends paid	-	(38,619)	(2,387)	(41,006)
At 31 December 2018	22	-	334	356
Profit for financial year	-	-	332	332
Dividends paid	-	-	(90)	(90)
At 31 December 2019	22	-	576	598

Quartermile Ventures Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

1 General Information

Quartermile Ventures Limited ("the Company") provides development and construction management services to both residential and commercial property development activities.

The Company is a private company limited by shares and is incorporated and domiciled in Scotland. The address of its registered office is 6-8 Wemyss Place, Edinburgh, EH3 6DH.

2 Summary of Significant Accounting Policies

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

(a) Basis of preparation

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Scotland 102 section 1A small entities, "The Financial Reporting Standards applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006. The financial statements are prepared on a going concern basis, under the historical cost convention.

(b) Revenue recognition

Sales of residential property

Revenue on the sale of residential property is recognised when the contract has legally completed and cash has been received.

Sales of land and commercial assets

Revenue is recognised on land sales and commercial assets when contracts are exchanged and all material conditions of the contract have been met.

Long Term Contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Management Fees

Management income is recognised on an accruals basis as it is incurred.

(c) Tangible assets

Tangible assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated to write off the cost of tangible assets, less their residual values, over their expected useful lives using the straight-line basis. The expected useful lives of the assets to the business are reassessed periodically in the light of experience.

Plant, machinery, fixtures, fittings, and equipment: 33 %

Quartermile Ventures Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

2 Summary of Significant Accounting Policies (continued)

(e) Stock

Raw materials and consumables stock, land for development, work in progress and part exchange properties are valued at the lower of cost and estimated selling price less costs to complete and sell.

Costs include materials, labour and overheads appropriate to the relevant stage of completion in addition all relevant marketing and selling costs.

The Company's principal activity is property development. Due to the nature of this activity, much of the development entered into by the Company is speculative in nature. Accordingly, at each year-end, the Company has in its balance sheet current assets that are not covered by a forward sale. At the year-end, work in progress is assessed for impairment. This review is conducted on a site by site basis, using valuations which incorporate forecast sales rates and average selling prices that reflect both current and anticipated market conditions. If work in progress is deemed to be impaired, an impairment charge is recognised in the income statement. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the income statement.

(f) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax is not recognised on timing differences arising on revalued properties unless the Company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

(g) Going concern

The Company meets its working capital requirements through the cash flow generated from property development revenue and equity invested by its parent company. Consequently, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

(i) Financial instruments

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances are recognised at transaction price.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from other Group undertakings are recognised at transaction price.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan, capitalised and amortised over the period of the facility to which it relates.

Quartermile Ventures Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

2 Summary of Significant Accounting Policies (continued)

(j) Distributions to shareholders

Interim dividends and other distributions to the Company's shareholders are recognised in the financial statements in the period that they are paid. Final dividends and other distributions are recognised as a liability in the financial statements in the period in which they are approved by the Company's shareholders. These amounts are recognised in the statement of changes in equity.

(k) Related party transactions

The Company only discloses transactions with related parties which are not wholly owned within the same Group.

3 Turnover

Turnover represents amounts derived from the provision of goods and services which fall due within the Company's ordinary activities, after deduction of discounts and valued added tax. The turnover and profit on ordinary activities before taxation, all of which arises in the United Kingdom, is attributable to the Company's principal activity that of property development.

Analysis of turnover by category:

	2019	2018
	£'000	£'000
Sales of residential properties	203	20,386
Sales of land	-	7,000
Contracting income	198	3,179
Rental income	-	-
Other trading income	349	4,528
	750	35,093

4 Operating profit

	Note	2019	2018
		£'000	£'000
Operating profit is stated after charging:			
Depreciation:			
- owned tangible fixed assets	8	-	-

The Company did not have any employees during the year or prior year.

Directors' remuneration has been borne by other Group companies.

Quartermile Ventures Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

5 Interest

	2019	2018
	£'000	£'000
(a) Interest receivable and similar income		
Bank interest receivable	17	21
Other interest receivable and similar income	-	16
Total interest receivable and similar income	17	37
(b) Interest payable and similar charges		
Bank interest payable	(10)	(4)
Total interest payable and similar charges	(10)	(4)

6 Tax on profit on ordinary activities

	2019	2018
	£'000	£'000
(a) Tax charge/(credit) included in statement of comprehensive income		
Current tax:		
UK corporation tax on profit for the year	-	1,135
Adjustments in respect of previous periods	-	(261)
Total current tax charge	-	874

Quartermile Ventures Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

7 Tax on profit on ordinary activities (continued)

(a) Tax charge/(credit) included in statement of comprehensive income (continued)

Deferred tax:

	2019	2018
	£'000	£'000
Effect of changes in tax rate	-	(185)
Other timing differences	-	1,991
Total deferred tax charge/(credit)	-	1,806
Tax on profit on ordinary activities	-	2,680

(b) Reconciliation of tax charge/(credit)

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK for the year ended 31 December 2019 of 19% (2018: 19%). The differences are explained below:

	2019	2018
	£'000	£'000
Profit on ordinary activities before taxation	332	17,055
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2018: 19%)	63	3,240
Effects of:		
Losses recognised in year	(63)	(328)
Expenses not deductible	-	24
Capital allowance recognised in year	-	-
Reliefs and Land remediation relief	-	(43)
Change in UK tax rate	-	(185)
Adjustments in respect of previous periods	-	(28)
Total tax charge/(credit) for year	-	2,680

Quartermile Ventures Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

7 Taxation on profit on ordinary activities (continued)

(c) Tax rate changes

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. The budget of 2020 subsequently changed the rate from 1 April 2020 to remain at 19%. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

(d) Deferred tax

The directors consider that they cannot sufficiently forecast future profits to recognise a deferred tax asset, and therefore an asset of £nil (2018: £nil) has been recognised in these financial statements.

	2019 £'000	2018 £'000
Deferred tax asset		
Other timing differences	-	-
Total deferred tax asset	-	-
At start of year	-	1,806
Deferred tax (charge)/credit in profit and loss account for year	-	(1,806)
At end of year	-	-

There is an unrecognised deferred tax asset of £1,478,109 (2018: £1,528,450) relating to unrelieved tax losses and timing differences, and £24,469 (2018: £24,469) relating to depreciation in excess of capital allowances. The unrecognised deferred tax asset of £1,502,578 (2018: £1,552,919) has not been provided for in the financial statements as the directors of the Company feel that they cannot sufficiently forecast future profits to recover the asset.

8 Stock

	2019 £'000	2018 £'000
Work in progress	750	895

Stock recognised in cost of sales during the year as an expense was £120,000 (2018: £16,717,000).

Quartermile Ventures Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

9 Debtors

	Note	2019 £'000	2018 £'000
Trade debtors		661	400
Amounts owed by Group undertakings		54	101
Other debtors		206	16
Due within one year		921	517
<hr/>			
Equity share receivables		78	78
Due after more than one year		78	78
Total		999	595

Amounts owed by Group undertakings are interest free, carry no security, have no fixed repayment date and are repayable on demand.

During the year the Company entered into a Term Loan agreement with QMCH Ltd (the majority shareholders of the company are the directors of Quartermile Ventures Ltd) to provide a loan of up to £650,000. The loan is repayable on receipt of funds from QMCH Ltd's investment in AEROF Craighouse Ltd (an investment vehicle for the Craighouse residential development in Edinburgh). The loan is subject to interest as agreed from time to time between the borrower and the lender but a commercial rate. At the year end in Other debtors £206,000 is due from QMCH Ltd in relation to the term loan.

Equity share receivables

The Company has entered into agreements whereby it retains a fixed proportion of the equity in a newly constructed residential property until the date of the first resale of the property or an agreed future date, when it will receive a fixed proportion of the market value of the property.

These agreements are initially measured at the fair value of the right to consideration on the date the agreement is entered. The unwinding of the discount is credited to finance income over the life of the agreement and is recognised when it is considered probable that it will result in an inflow of economic benefit to the Company.

Quartermile Ventures Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

10 Creditors: amounts falling due within one year

	2019	2018
	£'000	£'000
Trade creditors	21	54
Corporation tax	-	735
Amounts owed to Group undertakings	19	407
Other creditors	67	13
Accruals and deferred income	2,141	2,975
Total	2,248	4,184

Amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

11 Called up share capital

	2019	2018
	£	£
Allotted, called up and fully paid:		
105 (2018: 105) ordinary shares of £1	105	105

Dividends

	2019	2018
Equity – ordinary	£'000	£'000
Interim paid	90	41,006
Total dividends paid	90	41,006

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and repayment of capital.

12 Related party transactions

The Company is exempt from disclosing transactions with related parties which are wholly owned within the Group. There are no other related parties transactions that require disclosure in these financial statements.

Management fees of £730,000 (2018: £670,000) were paid to Quartermile Developments Limited for the provision of staff and services in the year.

13 Controlling parties

The immediate parent undertaking is QM Edinburgh Limited. The ultimate controlling party is PJAKC Limited. Copies of the PJAKC Limited financial statements can be obtained at Companies House, 139 Fountainbridge, Edinburgh, EH3 9FF.