

Quartermile Ventures Limited

Annual report and financial statements for the year ended 31 December 2021

Company number: SC210170

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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 2021 (continued)

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2021.

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 £4,085,000 (2020: £248,000).

Interim dividends of £650,000 (2020: £297,000) were paid during the year.

The directors do not recommend the payment of a final dividend (2020: £nil). Accordingly, the profit for the financial year of £4,088,000 (2020: £244,000) has been transferred to reserves.

The Company provides development and construction management services to both commercial and residential property projects.

The company is appointed as development manager by M&G Real Estate on the Haymarket development, Edinburgh. This is a high-profile strategic development within the City delivering three office buildings and a hotel, together with retail space

The company had entered into a development agreement with the purchaser of land sold by the company. The agreement involved a compensatory fee if the development did not proceed by a long stop date. In July 2021, the purchaser advised that the development was not expected to proceed in the short term, and they wished to terminate the development agreement. A fee of £4.1m was agreed and settled in August 2021.

Future developments

Construction on the Haymarket project is progressing well. The project is anticipated to be completed within the next three 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 2021 (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 2020 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 17 were approved by the Board and authorised for issue on 27 June 2022.

On behalf of the Board



Paul Curran
Director

27 June 2022

Quartermile Ventures Limited

Statement of comprehensive income for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Turnover	3	4,998	1,235
Cost of sales		(155)	(317)
Gross profit		4,843	918
Administrative expenses		(781)	(686)
Operating profit	4	4,062	232
Interest receivable and similar income	5	23	16
Interest payable and similar charges	5	-	-
Profit on ordinary activities before taxation		4,085	248
Tax on profit on ordinary activities	6	3	(4)
Profit for the financial year		4,088	244
Profit for the financial year attributable to: Owners of Company		4,088	244
Total comprehensive income for the financial year attributable to: Owners of Company		4,088	244

Quartermile Ventures Limited

Statement of financial position as at 31 December 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Tangible assets	7	85	102
Current assets			
Stock	8	80	100
Debtors (including £nil (2020: £nil) due after one year)	9	578	819
Cash at bank and in hand		4,488	1,102
		5,146	2,021
Creditors: amounts falling due within one year	10	(1,248)	(1,578)
Net current assets		3,898	443
Net assets		3,983	545
Capital and reserves			
Called up share capital	11	-	-
Share premium account		22	22
Profit and loss account		3,961	523
Total shareholder's funds		3,983	545

Quartermile Ventures Limited

Statement of financial position as at 31 December 2021 (continued)

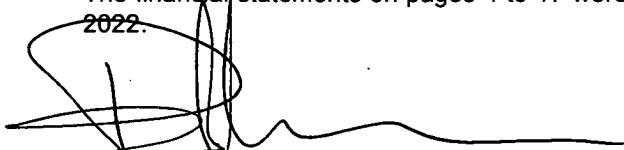
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The financial statements on pages 4 to 17 were approved by the Board and authorised for issue on 27 June 2022.

A handwritten signature in black ink, appearing to be 'Paul Curran', written over a horizontal line.

Paul Curran
Director
Quartermile Ventures Limited
Registered number: SC210170

Quartermile Ventures Limited

Statement of changes in equity for the year ended 31 December 2021

	Share premium account	Profit and loss account	Total shareholder's funds
	£'000	£'000	£'000
At 1 January 2020	22	576	598
Profit for the financial year	-	244	244
Dividends paid	-	(297)	(297)
At 31 December 2020	22	523	545
Profit for financial year	-	4,088	4,088
Dividends paid	-	(650)	(650)
At 31 December 2021	22	3,961	3,983

Quartermile Ventures Limited

Notes to the financial statements for the year ended 31 December 2021 (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 %
Leasehold improvements:	20 %

Quartermile Ventures Limited

Notes to the financial statements for the year ended 31 December 2021 (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.

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Notes to the financial statements for the year ended 31 December 2021 (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:

	2021	2020
	£'000	£'000
Sales of land	-	750
Other trading income	4,998	485
	4,998	1,235

4 Operating profit

	Note	2021	2020
		£'000	£'000
Operating profit is stated after charging:			
Depreciation:			
- owned tangible fixed assets	8	22	2
Operating lease charges		80	40

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

Directors' remuneration has been borne by other Group companies.

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Notes to the financial statements for the year ended 31 December 2021 (continued)

5 Interest

	2021	2020
	£'000	£'000
(a) Interest receivable and similar income		
Bank interest receivable	2	2
Other interest receivable and similar income	21	14
Total interest receivable and similar income	23	16
(b) Interest payable and similar charges		
Bank interest payable	-	-
Total interest payable and similar charges	-	-

6 Tax on profit on ordinary activities

	2021	2020
	£'000	£'000
(a) Tax charge/(credit) included in statement of comprehensive income		
Current tax:		
UK corporation tax on profit for the year	-	3
Adjustments in respect of previous periods	(3)	1
Total current tax (credit)/charge	(3)	4

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Notes to the financial statements for the year ended 31 December 2021 (continued)

6 Taxation on profit on ordinary activities (continued)

(b) Reconciliation of tax charge/(credit)

The tax assessed for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK for the year ended 31 December 2021 of 19% (2020: 19%). The differences are explained below:

	2021	2020
	£'000	£'000
Profit on ordinary activities before taxation	4,085	248
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2020: 19%)	776	47
Effects of:		
Losses recognised in year	(776)	(44)
Expenses not deductible	4	-
Capital allowance recognised in year	(4)	-
Adjustments in respect of previous periods	(3)	1
Total tax (credit)/charge for year	(3)	4

(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.

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Notes to the financial statements for the year ended 31 December 2021 (continued)

6 Taxation on profit on ordinary activities (continued)

(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. (2020: £nil) has been recognised in these financial statements.

	2021	2020
Deferred tax asset	£'000	£'000
Other timing differences	-	-
Total deferred tax asset	-	-
At start of year	-	-
Deferred tax (charge)/credit in profit and loss account for year	-	-
At end of year	-	-

There is an unrecognised deferred tax asset of £842,578 (2020: £1,601,883) relating to unrelieved tax losses and timing differences, and £3,000 (2020: £25,908) relating to depreciation in excess of capital allowances. The unrecognised deferred tax asset of £845,578 (2020: of £1,627,791) 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.

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Notes to the financial statements for the year ended 31 December 2021 (continued)

7 Tangible Assets

	Leasehold Improvements £'000	Total £'000
Cost		
At 1 January 2021	104	104
Additions	5	5
At 31 December 2021	109	109
Accumulated depreciation		
At 1 January 2021	2	2
Charge for the year	22	22
At 31 December 2021	24	24
Net book amount		
At 31 December 2021	85	85
At 31 December 2020	102	102

8 Stock

	2021 £'000	2020 £'000
Work in progress	80	100

Stock recognised in cost of sales during the year as an expense was £20,000 (2020: £650,000).

Quartermile Ventures Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

9 Debtors

	Note	2021 £'000	2020 £'000
Trade debtors		130	389
Amounts owed by Group undertakings		104	150
Prepayments		59	35
Other debtors		285	203
Equity share receivables		-	42
Due within one year		578	819

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

In the prior 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 at a commercial rate. At the year end in Other debtors £260,000 (2020: £178,000) 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.

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Notes to the financial statements for the year ended 31 December 2021 (continued)

10 Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
Trade creditors	10	34
Corporation tax	-	3
Amounts owed to Group undertakings	1	18
Other creditors	80	31
Accruals and deferred income	1,157	1,492
Total	1,248	1,578

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

	2021	2020
	£	£
Allotted, called up and fully paid:		
105 (2020: 105) ordinary shares of £1	105	105

Dividends

	2021	2020
Equity – ordinary	£'000	£'000
Interim paid	650	297
Total dividends paid	650	297

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 £455,000 (2020: £490,000) were paid to Quartermile Developments Limited for the provision of staff and services in the year.

Quartermile Ventures Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

13 Financial commitments

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2021	2020
	£'000	£'000
Not later than one year	80	80
Later than one year and not later than five years	174	254
	254	334

14 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.