Marnan Holdings Limited

Directors' report and financial statements

Registered number 2551108

31 December 2015

Contents

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 December 2015.

Principal activities

The company's principal activity continued to be that of a property investment company.

Business review

The directors consider the level of activity and the year end financial position to be satisfactory. The results for the year are set out in the profit and loss account on page 3.

Directors

The directors who held office during the year were as follows:

A C Shupick
M J Taylor
N J Taylor

This report has been prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies.

By order of the board

Black Corner
Balcombe Road
Horley
Surrey
RH6 9SP

A C Shupick
Director

5 February 2016

Statement of directors' responsibilities

The directors are responsible for preparing the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts 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 to enable the directors to ensure that the accounts 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.

Profit and loss account

for the year ended 31 December 2015

	Note	**2015** £	2014 £
Turnover - Rental income	*2*	**351,146**	383,986
Administrative expenses		**(84,490)**	(52,409)
Operating profit	*3*	**266,656**	331,577
Interest and similar receivables	*6*	**40,570**	60,502
Interest payable and similar charges	*7*	**(14,949)**	(26,533)
Profit on ordinary activities before taxation		**292,277**	365,546
Tax charge on profit on ordinary activities	*8*	**(67,437)**	(84,982)
Retained profit on ordinary activities after taxation	*14 &15*	**224,840**	280,564

All results are derived from continuing operations.

Statement of recognised gains and losses

	2015 £	2014 £
Total recognised gains and losses relating to the year	**224,840**	280,564

Note of historical cost profits and losses

	2015 £	2014 £
Reported profit on ordinary activities before taxation	**292,277**	365,546
Difference in depreciation between historic amount and revalued amount	**8,800**	8,800
Historic cost profit on ordinary activities before taxation	**301,077**	374,346
Historic cost profit on ordinary activities for the year after taxation	**233,640**	289,364

Balance sheet
at 31 December 2015

Registered number: 02551108

	Note	**2015** £	£	2014 £	£
Fixed assets					
Investment property	*9*		3,809,000		4,060,000
Current assets					
Debtors	*10*	6,517		2,000	
Cash at bank		36,620		55,960	
		43,137		57,960	
Creditors: amounts falling due within one year	*11*	(482,397)		(759,060)	
Net current liabilities			(439,260)		(701,100)
Total assets less current liabilities			3,369,740		3,358,900
Provision : Deferred taxation	*8*		(50,000)		(49,000)
			3,319,740		3,309,900
Capital and reserves					
Called up share capital	*12*		300,000		300,000
Revaluation reserve	*13*		1,207,362		1,431,162
Profit and loss account	*14*		1,812,378		1,578,738
Total shareholders' funds	*15*		3,319,740		3,309,900

In approving these financial statements as directors of the company we herby confirm:

(a) that for the year ended 31 December 2015 the company was entitled to the exemption from audit under Section 477 (2) of the Companies Act 2006;

(b) that the members have not required the company to obtain an audit in accordance with Section 476 of the Companies Act 2006

(c) that we acknowledge our responsibilities for:

(i) ensuring the company keeps accounting records which comply with Section 386; and
(ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year, in accordance with the requirements of Section 393 and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as they are applicable to the company.

These financial statements were approved by the board of directors on 5 February 2016 and signed on its behalf by:

M J Taylor
Director

Notes
(forming part of the financial statements)

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, as modified to include the revaluation of land and buildings.

Under Financial Reporting Standard 1 (revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a small company.

Turnover

Turnover represents the amounts (excluding value added tax) receivable by the company for rent receivable.

Fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, less depreciation.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets, except land, by equal instalments over their estimated useful economic lives, on the following basis:

Buildings	3% straight line

Investment property

Investment properties are revalued annually and the aggregate surplus or deficit is transferred to revaluation reserve. No depreciation is provided. The directors have adopted a true and fair override in relation to the non-depreciation of freehold land and buildings following the adoption of SSAP 19 "Investment properties", the adoption being made so as to present a true and fair view of the value of the freehold property. Depreciation is only one of many factors reflected in the annul valuation and the amount which might otherwise have been shown cannot be identified or quantified.

Fixed assets investments

Investments are included at cost or revaluation less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise, based upon current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign currency transactions

Transactions denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Notes (continued)

2 Segmental analysis

The total turnover of the company for the year has been derived from its principal activity, wholly in the Rest of Europe.

Segmental analysis by geographical area:

The analysis by geographical area of the company's profit before tax is set out below:

	2015	2014
	£	£
United Kingdom	28,346	48,995
Rest of Europe	263,931	316,551
	292,277	365,546

The analysis by geographical area of the company's net assets is set out below:

	2015	2014
	£	£
United Kingdom	(378,933)	(642,435)
Rest of Europe	3,698,673	3,952,335
	3,319,740	3,309,800

3 Operating profit

	2015	2014
	£	£
The operating profit is stated after charging or crediting:		
Directors remuneration	10,000	4,800
Depreciation of tangible fixed asset:		
Owned by the company	36,000	36,000

4 Directors remuneration

	2015	2014
	£	£
Directors fees voted and payable	10,000	4,800

5 Employees

The average number of employees during the year, including directors was 3 (2014: 3)

6 Interest and similar receivables

	2015	2014
	£	£
Other interest	-	5,365
Foreign exchange gain	40,570	55,137
	40,570	60,502

Notes (continued)

7 Interest and similar payables

	2015	2014
	£	£
Loan interest	14,846	26,263
Other interest	103	270
	14,949	26,533

8 Taxation

Analysis of charge in year	2015 £	2014 £
UK corporation tax		
Current tax on income for the period	19,283	29300
Adjustment in respect of prior year	(75)	(10)
Overseas corporation tax		
Current tax on income for the period	47,200	55,300
Adjustment in respect of prior years	29	(608)
	66,437	83,982
Deferred tax - Origination of timing differences	1,000	1,000
Tax charge on profit on ordinary activities	67,437	84,982

Factors affecting the tax charge for the current period
Current tax reconciliation

Profit on ordinary activities before tax	292,277	365,546
Current tax at 20.25 % (2014: 21.5 %)	59,186	78,592
Effects of:		
Expenditure not allowed for tax	7,290	7,740
Adjustment in respect of prior year	(46)	(618)
Other adjustments	7	(1,732)
Total current tax charge (see above)	66,437	83,982

The company has capital losses, available to carry forward of approximately £1,467,000 (2014: £1,467,000).

The movements in the deferred taxation liability was as follows

	2015 £	2014 £
At beginning of year	(49,000)	(48,000)
Provided during the year – current year – overseas	(1,000)	(1000)
At end of year	(50,000)	(49,000)

The balance as at 31 December 2015 is made up as follows:

Accelerated capital allowances – Overseas	(50,000)	(49,000)

Notes (continued)

9 Investment property

	Freehold Property	Total
	£	£
Net book value at 1 January 2015	**4,060,000**	**4,060,000**
Depreciation charge for the year	**(36,000)**	**(36,000)**
Revaluation	**(215,000)**	**(215,000)**
Net book value at 31 December 2015	**3,809,000**	**3,809,000**

Comparable historic cost for the land and buildings included at valuation:-

At 1 January 2015	**2,724,700**
At 31 December 2015	**2,724,700**

The land and buildings, situated at Monchengladbach, Germany, was revalued as at 31 December 2013, based upon a 'going concern property value' dated 5 June 2013 by Kenstone Real Estate Valuers, an independent real estate consultant. Based upon that valuation, the directors are of the opinion that the euro value is now €3,500,000. The revaluation has been arrived at after adjustment of the directors' valuation of buildings not owned by the company.

In view of the change in the exchange rate between Sterling and the Euro, the directors decided to revalue the Sterling value of the property as at 31 December 2015, using an exchange rate of £1.00 = €1.35. This revaluation reduced the Sterling value of the property by £156,000. If the property had been sold on 31 December 2015 at this valuation, then a tax charge of £109,000 (2014: £158,000) would have crystalised.

The land and buildings have been charged to Stadtsparkasse, Dusseldorf, as security for a loan granted by Stadtsparkasse to FSP Frischsaft FRISCHE Produktion GmbH('Frische') of €2,700,000. Frische was a member of the same group of companies, and is the tenant of the land and buildings. On 8 June 2007, Frische left the group. At 31 December 2015 the balance outstanding on this loan amounted to €Nil (2014: €1,047,833). The release of this charge is currently in progress.

On 8 June 2007, the company granted an option to FSP Frischsaft FRISCHE Produktion GmbH, whereby they may purchase the land and buildings situated at Ruckes 90, 41238 Monchengladbach, Germany, at any time up to 31 July 2022, for the going concern value of the entire property (Sachwert), less the net book value of the buildings already owned by them, which at 31 December 2015 is €2,860,000, but subject to a minimum price of €3,600,000.

The land and buildings, situated at Barendrecht, The Netherlands, was revalued as at 31 December 2013, based upon market valuation, dated 14 November 2013 by BBW makelaars en taxateurs, an independent real estate consultant. The directors are of the opinion that the euro value is now €1,656,000. The directors decided to revalue the Sterling value of the property as at 31 December 2015, using an exchange rate of £1.00 = €1.35. This revaluation reduces the Sterling value of the property by £59,000. If the property had been sold on 31 December 2015 at this valuation, then no tax charge would crystalise.

Notes (continued)

10 Debtors

	2015	2014
	£	£
Sundry debtors and prepayments	1,800	2,000
Corporation tax recoverable	4,717	-
	6,517	2,000

11 Creditors: amounts falling due within one year

	2015	2014
	£	£
Accruals and deferred income	9,850	19,900
Corporation tax	2,287	30,745
Current portion of loan	55,040	45,220
Amount due to shareholder	415,220	663,195
	482,397	759,060

12 Share capital

	2015	2014
	£	£
Authorised		
1,200,000 Ordinary shares of £0.25 each	300,000	300,000
800,000 12% Non-Cumulative Redeemable Preference shares of £1 each	800,000	800,000
	1,100,000	1,100,000
Allotted called up and fully paid		
1,200,000 Ordinary shares of £0. 25 each	300,000	300,000

13 Revaluation reserve

	2015	2014
	£	£
At 1 January 2015	1,431,162	1,640,962
Additional depreciation of revalued asset	(8,800)	(8,800)
Arising upon revaluation at 31 December 2015	(215,000)	(201,000)
At 31 December 2015	1,207,362	1,431,162

14 Profit and loss account

	2015	2014
	£	£
Retained profit brought forward	1,578,738	1,289,374
Profit for the year	224,840	280,564
Transfer from revaluation reserve	8,800	8,800
At 31 December 2015	1,812,378	1,578,738

Notes (continued)

15 Reconciliation of movements in shareholders' funds

	2015	2014
	£	£
Opening shareholders' funds	**3,309,900**	3,230,336
Reduction in revaluation reserve	**(215,000)**	(201,000)
Profit for the financial year	**224,840**	280,564
Closing shareholders' funds	**3,319,740**	3,309,900

16 Related party transactions

i) During the year, A C Shupick received a director's fee of £10,000 (2014: £4,800) At the year end, £5,500 (2014: £4,800) was outstanding.

17 Ultimate parent company

The Company is a wholly owned by the Trustees of the Equalcross Settlement.