Worknorth II Limited

Directors' Report and unaudited financial statements

Registered number 03152115

Year ended 31 March 2021

Contents

Directors' Report

The directors present their Directors' Report and unaudited financial statements of the Company for the year ended 31 March 2021.

In accordance with section 414B of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the Company is exempt from preparing a strategic report.

Principal activity

The principal activity of the Company is acting as an intermediate holding company. The Company did not trade throughout the year ended 31 March 2021, and management do not plan for the Company to recommence trade in the future.

Brexit

Manchester Airports Group ('MAG'), the group of companies whose ultimate parent company is Manchester Airports Holdings Limited, and of which the Company is a member, has continued to work with industry partners to help shape the UK Government's approach to Brexit.

The UK reached an agreement with the EU on 24 December 2020, which was then ratified before the end of the transition period on 31 December 2020. The agreement covered all the key areas for airports' operations including continued operation of air services, close cooperation on aviation security, and collaboration on air traffic management. This has preserved the previous regime and allowed liberal access to the EU aviation market that MAG had been calling for in any EU-UK relationship following the end of the transition period. As a result of low passenger numbers there is still the need to closely monitor the impact on the aviation industry, we will continue to do this working closely with our partners to ensure a smooth border and customs process.

Climate change

Climate change is the defining challenge of our age. As governments respond to the climate challenge, next year will be an important opportunity for the UK government and the aviation industry to lead by example as global leaders gather in Scotland for COP26. MAG has been a climate leader for many years, operating the UK's first carbon neutral airports and – through its CSR Strategy – committing to achieve net zero carbon emissions no later than 2038. Tackling climate change requires a partnership between industry and government and this year I am delighted to see MAG's CEO join the Government's Jet Zero Council and to witness the launch of MAG's zero carbon flight competition – offering free landing fees to the first zero carbon aircraft at one of MAG's airports.

MAG continues to meet the 'comprehensive' standard for disclosures established by the Global Reporting Initiative, including the publication of a new climate data compendium. This report has also been enhanced, responding to recommendations from the Task Force on Climate-Related Financial Disclosures, demonstrating the focus MAG places on the risks posed by climate change and ensuring MAG's strategic and CSR reporting reflect the changes to environmental, social and governance (ESG) needs of investors.

Our mature understanding of physical climate risks directly informs asset standards and infrastructure planning. Further work to consider the financial implications of climate change will position MAG well as economies more generally decarbonise.

Principal risks and uncertainties

The key risks faced by the Company, including those arising from COVID-19, are aligned with those of Manchester Airports Holdings Limited. For more details of these risks, including that of COVID-19, and how they are managed please refer to pages 40 to 45 of the Strategic Report in the annual report and accounts for Manchester Airports Holdings Limited. The directors have not identified any other significant risks for the Company.

Key performance indicators ('KPIs')

Management have identified there to be no key performance indicators for the Company, with the entity being dormant under the Companies Act 2006. For the group consolidated key performance indicators please refer to pages 9 and 10 of the Strategic Report in the annual report and accounts for Manchester Airports Holdings Limited.

Directors' Report *(continued)*

Directors

The directors who held office during the year and up to the date of signing the financial statements were as follows:

C Cornish	(resigned 12 November 2020)
K O'Toole	(resigned 12 November 2020)
N Thompson	(resigned 12 November 2020)
J Bramall	(assigned 12 November 2020)
K Smart	(assigned 12 November 2020)

Going concern

The financial statements have not been prepared on a going concern basis as the Company's trading activities have ceased. As the directors do not intend to acquire a replacement trade they have not prepared the financial statements on a going concern basis. The effect of this is explained in note 1.

By order of the Board

J Bramall
Director

1 October 2021

6th Floor
Olympic House
Manchester Airport
Manchester
M90 1QX

Statement of directors' responsibilities relating to 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), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

For the year ended 31 March 2021 the Company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies. Members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Income statement and other comprehensive income
for the year ended 31 March 2021

	2021 £000	2020 £000
Revenue	-	-
Operating income	-	-
Dividend received	-	334
Profit before tax	-	334
Taxation	-	-
Profit for the financial year	-	334
Other comprehensive income for the year net of tax	-	-
Total comprehensive income for the year	-	334

The notes on pages 7 to 9 form an integral part of these financial statements.

Statement of financial position

at 31 March 2021

	Note	2021 £000	2021 £000	2020 £000	2020 £000
Current assets					
Trade and other receivables	4	2		2	
Current Liabilities					
Trade and other payables		-		-	
Other liabilities	5	(2,000)		(2,000)	
Net liabilities			(1,998)		(1,998)
Net liabilities			(1,998)		(1,998)
Capital and reserves					
Called up share capital	6		-		-
Capital contribution reserve	7		5,719		5,719
Retained earnings	8		(7,717)		(7,717)
Shareholders' deficit			(1,998)		(1,998)

The notes on pages 7 to 9 form an integral part of these financial statements.

The directors:

(a) confirm that the Company was entitled to exemption under subsections (1) and (2) of section 480 of the Companies Act 2006 relating to dormant companies from the requirement to have its financial statements for the financial year ended 31 March 2021 audited;
(b) confirm that members have not required the Company to obtain an audit of its financial statements for that financial year in accordance with section 476 of the Companies Act 2006; and
(c) acknowledge their responsibilities for:
(i) ensuring that the Company keeps adequate accounting records which comply with section 386 of the Companies Act 2006, and
(ii) preparing financial statements 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 surplus or deficit for the financial year in accordance with the requirements of sections 393 and 394 of the Companies Act 2006, and which otherwise comply with the requirements of that Act relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The Company did not trade during the current year and has made neither a profit nor a loss, nor any other recognised gain or loss.

These financial statements of Worknorth II Limited, registered number 03152115, were approved by the Board of directors on 1 October 2021 and were signed on its behalf by:

J Bramall
Director

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

2021	Called up share capital	Capital contribution reserve	Retained earnings	Total shareholders' deficit
	£000	£000	£000	£000
Balance at 1 April 2020	-	5,719	(7,717)	(7,717)
Profit for the year	-	-	-	-
Capital contribution	-	-	-	-
Balance at 31 March 2021	**-**	**5,719**	**(7,717)**	**(1,998)**

2020	Called up share capital	Capital contribution reserve	Retained earnings	Total shareholders' deficit
	£000	£000	£000	£000
Balance at 1 April 2019	-	-	(8,051)	(8,051)
Profit for the year	-	-	334	334
Capital contribution	-	5,719	-	5,719
Balance at 31 March 2020	**-**	**5,719**	**(7,717)**	**(1,998)**

The notes on pages 7 to 9 form an integral part of these financial statements.

Notes to the financial statements

1 Accounting policies

The following accounting policies have been applied consistently throughout the year in dealing with items that are considered material in relation to the financial statements, except as noted below.

Basis of preparation and going concern
The financial statements have been prepared in accordance with the Companies Act and applicable accounting standards in the United Kingdom, and on a historical cost basis.

The Company did not trade during the year.

Since the previous year end, 31 March 2020, the directors have not prepared the financial statements on a going concern basis, due to no trade in the current or prior period. No adjustments were necessary to the amounts at which the remaining net liabilities are included in these financial statements.

Trade and other receivables/payables
Trade and other receivables are recognised initially at transaction price less attributable transaction costs. Trade and other payables are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade receivables. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments, discounted at a market rate of interest for a similar debt instrument.

2 Remuneration of directors

C Cornish, K O'Toole, N Thompson and J Bramall were directors of Manchester Airports Holdings Limited during the year, and their aggregate remuneration is disclosed in that company's consolidated financial statements. K Smart was also a director of Worknorth II Limited during the year, but not a director in MAHL. The proportion of their aggregate remuneration applicable to the Company based on services provided is £nil (2020: £nil).

3 Investments

	Shares in group undertakings	**Other investments other than loans**	**Total**
	£000	**£000**	**£000**
Cost			
At 1 April 2020 and 31 March 2021	575	449	1,024
Provisions			
At 1 April 2020 and 31 March 2021	(575)	(449)	(1,024)
Net book value			
At 1 April 2020 and 31 March 2021	-	-	-

At 31 March 2021, the Company held investments in the following subsidiary undertakings:

Subsidiary undertakings	**Country of incorporation**	**Principal activity**	**Class of shares held**	**Percentage of shares held**
Worknorth Limited	England &Wales	Dormant	Ordinary	100%
			Deferred	100%

The registered office for the above company is Olympic House, Manchester Airport, Manchester, M90 1QX.

Notes to the financial statements *(continued)*

4 Trade and other receivables

	2021	2020
	£000	£000
Amounts owed to group undertakings	2	2
	2	2

Amounts owed by group undertakings of £2,000 are unsecured, interest-free and repayable on demand. Whilst each counterparty does not intend to seek repayment of amounts owed, management intend to settle amounts due to Group undertakings as part of a group-wide settlement exercise within the next 12 months.

5 Other liabilities

	2021	2020
	£000	£000
'A' Redeemable non-cumulative participating preference shares of £1 each	450	450
'B' Redeemable cumulative participating 7% preference shares of £1 each	1,550	1,550
	2,000	2,000

The redeemable preference 'A' shares and the redeemable preference 'B' shares are redeemable in total, but not in part, at any time after 31 March 1999 at the request of the holders of the majority of such shares. The shares are redeemable at par.

Preference shareholders are entitled to receive notice of all General Meetings, but not to attend or vote unless there are arrears of dividends or the meeting is considering, inter alia, winding up the Company or varying the rights attached to the Preference Shares.

The shareholders, Manchester Airport PLC, have agreed to waive the interest due on the 'B' Redeemable cumulative participating 7% preference shares.

6 Called up share capital

	2021	2020
	£000	£000
Issued, called up and fully paid		
100 Ordinary shares of £1 each	-	-

Notes to the financial statements *(continued)*

7 Capital contribution reserve

	Capital contribution reserve £000
At 1 April 2020	5,719
Capital contribution in the year	-
At 31 March 2021	**5,719**

In the previous year, the entity had its loan due to group undertakings, Airport Ventures Limited (£5,718,428), and loan due to subsidiary undertakings Worknorth Limited (£334,115) waived, creating the above capital contribution reserve. Both of these entities are within the Manchester Airport Holdings Limited Group.

8 Retained earnings

	£000
At 1 April 2020	(7,717)
At 31 March 2021	**(7,717)**

9 Contingent liabilities

Under the Common Terms Agreement signed on 14 February 2014, the Company and a number of its fellow subsidiaries have entered into a security agreement with the Group's bondholders and bankers. The bonds and bank loans are secured by a fixed and floating charge over substantially all of the Group's assets. The total amount outstanding under this agreement at 31 March 2021 is £1,920.8m (2020: £1,923.3m).

10 Ultimate parent company and parent undertaking of larger group of which the company is a member

The Company is a subsidiary undertaking of Manchester Airport Plc. The smallest group in which the results of the Company are consolidated is that headed by Manchester Airport Group Investments Limited. The Company's ultimate parent is Manchester Airports Holdings Limited. The consolidated financial statements of these groups are available to the public and may be obtained from the Company Secretary at Olympic House, Manchester Airport, Manchester, M90 1QX, or via the website at www.magairports.com.