Destination Manchester Limited

Annual report and financial statements

Registered number 5360083

31 March 2021

Contents

Company Information

Director

C Culley

Secretary

Manchester Professional Services Ltd

Auditor

RSM UK Audit LLP
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Manchester
M3 3HF

Registered Office

PO Box 532
Town Hall
Manchester
Greater Manchester M60 2LA

Strategic Report

The Director presents their Strategic Report for the year ended 31 March 2021.

Principal activities and future developments

The company's principal activity during the year continued to be that of a non-trading holding company. The company holds an investment in the trading company, Manchester Central Convention Complex Limited, which owns and manages the Manchester Central Convention Complex together with adjoining properties, as well as having a contract with Manchester City Council for the provision of catering and conferencing services at the Manchester Town Hall Extension, Manchester Central Library and Runway Visitor Park at Manchester Airport and in Modesole Limited which is currently not trading. The company has a loan from its parent company Manchester City Council.

Business review

The profit and loss account is set out on page 14 and shows the result for the year. As at 31 March 2021 the company had net assets of £10,185,600 *(2020: £10,185,600)*.

Principal risks and uncertainties

The principal risk facing the Company is impairment of an investment in a subsidiary. The types of risks facing the Company's subsidiaries are explained in more detail in the financial statements of the Company's subsidiaries, Manchester Central Convention Complex Limited and Modesole Limited. The principal risks and uncertainties facing the Manchester Central Convention Complex Limited are broadly grouped as – competitive, legislative and financial and liquidity risks, however in March 2020 the UK begun to be significantly impacted by the outbreak of the global pandemic Covid-19 which now needs to be considered as one of the principal risks and uncertainty for the business.

Covid 19

Following the closure mandated by the government, the subsidiary company has continued to implement its business continuity plans, migrating all office-based workers to a remote working basis whilst maintaining regular contact with customers to rearrange events for future dates. The conference centre, which was fully occupied by the NHS, has been returned following a period of decommissioning that has returned the venue to its former state, prior to the NHS occupation. The subsidiary company Directors continually monitor the impact on the business, customers and employees and have prepared stress tested forecasts on which contingency plans have been created.

Along with new ways of running digital events, the subsidiary company still has a strong pipeline to deliver traditional conferences, exhibitions, and other events over the coming year and beyond. The subsidiary company directors are confident that the principal markets it operates in will return, with events expected to take place again soon, providing the government continues to keep restrictions lifted in line with the press releases they have published on the matter. Although alternative uses for the facility have been explored, the directors are certain that a more fundamental repurposing of the facility is not required. The subsidiary company directors are also in regular contact with the shareholder and the relationships remain constructive and supportive.

Strategic Report *(continued)*

Competitive risks

The subsidiary company operates in a competitive and evolving environment. There are new entrants to the conference and exhibition market from other sectors through the repurposing of space to accommodate events in nontraditional venues, for example sports stadia. Traditional venues are also investing in their facilities to meet the evolving needs of customers as the event landscape changes. The principal competitive risk is the possibility of business being lost to these venues both in the UK and internationally. Alongside confidence in the product, the Company also has a policy to ensure that the yield that large contracts generate is not below a level that would erode returns to the Company. This process ensures the business remains competitive in the marketplace whilst protecting key revenue streams.
Throughout these uncertain times, agility and flexibility are key. The Company monitors trends, not just within the sector, but globally, and regularly engages with both existing and potential clients to identify and react to future needs.
The subsidiary company further mitigates this risk by working with strategically important customers to create long term partnerships and secure multi-year contracts. They also invest heavily in maintaining the highest quality facilities, workforce, market research and product development to ensure it maintains its position as the venue of choice.

Legislative risks

The subsidiary company continues to ensure compliance with UK legislation and EU standards, including those to maintain the highest standards of Health and Safety for its visitors and employees.

Financial and Liquidity Risk

The subsidiary company has established a risk and financial management framework, the primary objective of which is to protect the organisation from events that hinder the achievement of the Company's performance objectives.
The principal financial risks relate to future booking levels beyond the NHS tenancy and the level of future spend required to maintain the condition of the listed building from which the business operates. The Directors review future booking levels at each Board meeting and the Company operates a long-term rolling capital expenditure plan, based on estimated useful economic life, which is formally reviewed by the Board annually and factored into long-term cash forecasting.
Long-term debt financing is reviewed by the Board regularly, due to the provider of the debt being the ultimate parent undertaking. This is viewed by the Board as a risk over which full control is exercised.
The Company holds relatively high levels of cash due to reserves and advance deposits received for events, which is the accepted industry payment practice. Liquidity risk is mitigated through careful cash management, particularly in the current climate. Robust cashflow forecasting is in place to ensure the Company can meet its obligations and that anticipated cash demands are met. Stress tests have been applied and the Company's financial instruments are cash-in-hand and on instant access deposit.

Strategic Report *(continued)*

Key performance indicators and Environmental

Being a non-trading company holding investments in subsidiaries, the Director considers that there are no key performance indicators for the company or environmental issues as an individual entity but consider it as part of their analysis of the subsidiary.

By order of the board

Carol Culley
Director
Date: 10 August 2021
Registered No. 5360083

Director's report

The director presents their report and financial statements for the year ended 31 March 2021.

Results and dividends

The profit for the year after taxation amounted to £nil (*2020: £nil*). The directors do not recommend a final dividend (*2020: £nil*).

Principal Activity

The company owns Manchester Central Convention Complex Ltd, a trading entity that owns and manages the Manchester Central Convention Complex with adjoining properties and is in contract with the ultimate parent undertaking for the provision of catering and conferencing services at the Manchester Town Hall Extension and Central Library.

Treasury policies

The company and its subsidiary finances its activities with internally generated working capital, including cash. Financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the company's operating activities. The company does not enter into interest rate swaps or forward currency contracts. The company does not trade in financial instruments and only enters into contracts in GBP. The company's debt financing comprises a long-term loan from the ultimate parent undertaking.

Directors

The directors who served the company during the year were as follows:

C Culley

Political and charitable contributions

During the year the company made £nil of charitable donations (*2020: £nil*). The Company made no political donations or incurred any political expenditure during the year.

Policy and practice on payment of creditors

The company agrees terms with its suppliers upon entering into binding contracts and it is the company's policy to adhere to the payment a term, providing the supplier adheres to its obligations.

Disclosure of information to the auditor

The director who held office at the date of approval of this director's report confirms that, so far as she is aware, there is no relevant audit information of which the company's auditor is unaware; and she has taken all the steps that she ought to have taken as a director to make herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 4.

Director Indemnity

Certain directors benefit from qualifying third-party indemnity provisions in place during the financial year and at the date of this report.

Director's report *(continued)*

Auditor
RSM UK Audit LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

By order of the Board

C Culley
Director
Date: 10 August 2021
Registered No. 5360083

Statement of director's responsibilities in respect of the Strategic Report, the Director's Report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 those financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. 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. They 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.

Independent auditor's report to the members of Destination Manchester Limited

Opinion

We have audited the financial statements of Destination Manchester Limited (the 'company') for the year ended 31 March 2021 which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent auditor's report to the members of Destination Manchester Limited *(continued)*

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of Destination Manchester Limited *(continued)*

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the company operates in and how the company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

Independent auditor's report to the members of Destination Manchester Limited
(continued)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inspecting correspondence with local tax authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, assessing whether the judgements made in making accounting estimates are indicative of potential bias.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

John Guest (Senior Statutory Auditor)
for and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF
20 August 2021

Profit and Loss Account and Other Comprehensive Income
For the year ended 31 March 2021

	Note	2021 £	2020 £
Turnover		12,765	12,552
Administrative expenses		(4,271)	(5,079)
Operating profit		8,494	7,473
Interest payable and similar expenses	*3*	(357,755)	(425,631)
Loss before taxation		(349,261)	(418,158)
Tax on loss	*4*	349,261	418,158
Loss for the financial year		-	-
Total comprehensive income for the year		-	-

Balance Sheet
At 31 March 2021

Company registered number: 5360083

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	*5*	410,020	410,020
Investments	*6*	20,863,367	20,863,367
		21,273,387	21,273,387
Current assets			
Debtors	*7*	597,365	666,459
Cash at bank and in hand		32,971	33,008
Creditors: amounts falling due within one year	*8*	(361,213)	(430,344)
Net current assets		269,123	269,123
Total assets less current liabilities		21,542,510	21,542,510
Creditors: amounts falling due after more than one year	*9*	(11,356,910)	(11,356,910)
Net assets		10,185,600	10,185,600
Capital and reserves			
Called up share capital	*11*	10,200,000	10,200,000
Profit and loss account	*12*	(14,400)	(14,400)
Shareholders' funds		10,185,600	10,185,600

The accompanying notes form part of the financial statements.

These financial statements were approved by the board of directors on 10.08.21 and were signed on its behalf by:

C Culley
Director
Registered No. 5360083

Statement of Changes in Equity

	Called up share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 April 2019	10,200,000	(14,400)	10,185,600
Profit and total comprehensive income the for year	-	-	-
Balance at 31 March 2020	10,200,000	(14,400)	10,185,600
Profit and total comprehensive income the for year	-	-	-
Balance at 31 March 2021	10,200,000	(14,400)	10,185,600

Notes
(forming part of the financial statements)

1. Accounting policies

Destination Manchester Limited (the "Company") is a private company limited by shares and incorporated and domiciled and registered in England.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") as amended by the Triennial Review 2017 and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company.

Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The Company's ultimate parent undertaking, Manchester City Council includes the Company in its consolidated financial statements. The consolidated financial statements of Manchester City Council are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from PO Box 532 Town Hall, Albert Square, Manchester, M60 2LA. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The Company proposes to continue to adopt the exemptions outlined above in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1 Accounting policies *(continued)*

1.2 Going concern

In addition to the notes included within the principal risks and uncertainties section of the strategic report, at the time of approving the financial statements, the director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The annual interest liability is expected to continue to be covered by group tax relief receipts from a subsidiary company. Cash forecasts of the subsidiary undertaking are continually updated for a range of scenarios and the Group has adequate resource to trade until all but the most extreme outcome of when the events trade can resume in the UK.

The company's subsidiary, Manchester Central Convention Complex Limited has net current assets of £412,000 as at 31 March 2021 (31 March 2020: net current liability £120,000) which demonstrate the liquidity of the company and the going concern expectation is based on the company's'; strong future pipeline of business for when the venue is able to open and operate again; strong cash position; the value of the cash generating assets; and the flexible loan facilities in place from the ultimate parent company.

Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors 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 debtors. 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 instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost/deemed cost.

The company assesses at each reporting date whether tangible fixed assets are impaired and the company has elected not to revalue tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Currently the only tangible fixed assets of the company is land and the company does not depreciate land.

1.6 Impairment excluding stocks, and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.7 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company during the period, net of value added tax.

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must be met before revenue is recognised.

Rendering of Services

Revenue for the provision of services is recognised on the date the service is provided.

1.7 Expenses

Interest Payable

Interest payable and similar charges comprises entirely interest payable. Interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Operating leases receivable and payable

Receipts and payments (excluding income or costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the receipts from the lessee or payments to the lessor are structured to increase in line with expected general inflation or represent a share of underlying profits generated; in which case the receipts and payments related to the structured increases or share of underlying profits are recognised in the period to which they relate.

1.8 Taxation

Tax on the profit or loss for the year comprises current tax only with no element of deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1 Accounting policies (continued)

1.9 Judgements in applying accounting policies and key sources of estimation uncertainty

The directors consider the key judgments and estimates in the financial statements to be as follows:

Value of Investments in Subsidiaries

This is reviewed annual for impairment by the director and does not exceed the value of net assets held by subsidiary companies as per note 6.

The Value of Tangible Fixed Assets

This is reviewed annually for impairment by the director who utilises commercial insight they have from other roles to quantify this opinion.

2. Operating Profit

Is stated after charging the following:

	2021	2020
	£	£
Auditor's remuneration	3,000	3,000

The directors did not receive any remuneration in respect of their services as director during either the current year or prior year.

3. Interest payable and similar expenses

	2021	2020
	£	£
Total other interest payable and similar expenses	357,755	425,631

Interest payable and similar expenses includes interest payable and similar on loans payable to the ultimate parent company of £357,755 *(2020: £425,631)*.

Notes *(continued)*

4. Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2021 £	2020 £
Current tax		
Group relief receivable	349,261	418,158
Total current tax	349,261	418,158
Deferred tax		
Origination and reversal of timing differences	-	-
Total tax credit	349,261	418,158

Reconciliation of effective tax rate

	2021 £	2020 £
Loss for the year	(349,261)	(418,158)
Tax using the UK corporation tax rate of 19% (*2020: 19%)*	(66,359)	(79,450)
Group relief surrendered	66,359	79,450
Outstanding group relief from subsidiary	(349,261)	(418,158)
Total tax expense included in profit or loss	(349,261)	(418,158)

Factors that may affect future tax charges

On 17 March 2020 a resolution was substantively enacted to setting the rate of corporation tax at 19%. The deferred tax liability as at 31 March 2021 has been calculated based on the rate that is expected to be applicable at the time of reversal of the liability.

Notes *(continued)*

5. Tangible fixed assets

	Freehold Land and Buildings £
Cost	
Balance at 31 March 2020	410,020
Balance at 31 March 2021	410,020
Depreciation and impairment	
Balance at 31 March 2020	-
Depreciation charge for the year	-
Balance at 31 March 2021	-
Net book value	
At 31 March 2020	410,020
At 31 March 2021	410,020

Notes *(continued)*

6. Fixed Asset Investments

	Shares in group undertakings £	Total £
Cost		
At beginning of year	20,863,367	20,863,367
At end of year	20,863,367	20,863,367
Net book value		
At 31 March 2021	20,863,367	20,863,367
At 31 March 2020	20,863,367	20,863,367

The Company has the following investments in subsidiaries:

	Aggregate of capital and reserves £'000	Profit or (loss) for the year £'000	Registered office	Class of shares held	Ownership %
Manchester Central Convention Complex Limited	28,389	(149)	Manchester Central Convention Complex, Windmill Street, Petersfield, Manchester, M2 3GX	ordinary	100
Modesole Limited	23	-	PO Box 532, Town Hall, Manchester, Greater Manchester, M60 2LA	ordinary	83

Notes *(continued)*

7. Debtors

	2021	2020
	£	£
Trade Debtors	3,139	3,139
Prepayments and accrued income	12,765	-
Amounts owed by subsidiary undertaking	581,461	663,320
	597,365	666,459

Notes *(continued)*

8. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade Creditors	13	13
Amounts owed to ultimate parent company	356,614	425,631
Accruals and deferred income	4,586	4,700
	361,213	430,344

9. Creditors: amounts falling after more than one year

	2021	2020
	£	£
Loan from ultimate parent undertaking	11,356,910	11,356,910

10. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured as amortised cost. All loans are repayable in a single instalment at maturity.

	2021	2020
	£	£
Creditors falling due more than one year		
Loan from ultimate parent undertaking	11,356,910	11,356,910
	11,356,910	11,356,910

Included with loans from ultimate parent are amounts repayable after five years by instalments of £nil (*2020: £11,356,910*). The loan is unsecured.

Notes *(continued)*

10. Interest-bearing loans and borrowings *(continued)*

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2021	2020
					£	£
Loan from ultimate parent undertaking	£ Sterling	3% above base rate	2025	yes	11,200,000	11,200,000
Loan from ultimate parent undertaking	£ Sterling	3% above base rate, minimum 6%	2025	yes	156,910	156,910

11. Issued share capital

	2021	2020
	£	£
Allotted, called up and fully paid		
10,200,000 ordinary shares of £1 each	10,200,000	10,200,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

12. Movement on reserves

	£
As at 31 March 2020	(14,400)
Profit/(loss) for the year	-
As at 31 March 2021	(14,400)

Notes *(continued)*

13. Related parties

During the year the company purchased goods and services from its ultimate parent undertaking and controlling party, Manchester City Council. Loans with the ultimate parent company are disclosed in note 11. During the year the company also surrendered tax losses to subsidiary Manchester Central Convention Complex Limited. The amounts involved are set out below:

	Surrender of tax losses		Purchase of goods, services, interest, rents and tax losses	
	2021	2020	2021	2020
	£	£	£	£
Manchester City Council	-	-	(357,755)	(425,631)
Manchester Central Convention Complex Ltd	349,261	418,158	-	-
	349,261	418,158	(357,755)	(425,631)

	Receivables outstanding		Liabilities outstanding	
	2021	2020	2021	2020
	£	£	£	£
Manchester City Council	-	-	(356,614)	(425,631)
Manchester Central Convention Complex Ltd	581,461	663,320	-	-
	581,461	663,320	(356,614)	(425,631)

14. Ultimate parent company and parent company of larger group

The ultimate controlling party is Manchester City Council.

The smallest and largest group in which the results of the company are consolidated is that headed by Manchester City Council. No other group financial statements include the results of the Company. The consolidated financial statements of Manchester City Council are available to the public and may be obtained from PO Box 532, Town Hall, Albert Square, Manchester M60 2LA.