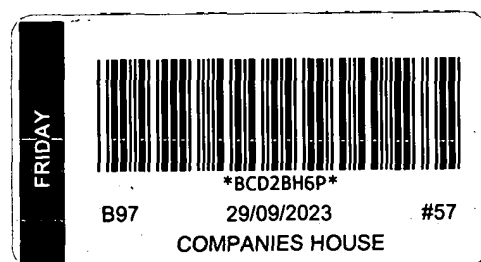


Registration number: 05856213



# Manchester Working Limited

Report and Financial Statements  
for the Year Ended 31 December 2022



## **Manchester Working Limited**

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**Manchester Working Limited**

**Company Information**

<b>Directors</b>	D J Miles
	A C M Smith
	P R Hindle
	P Baldwin
	C E Middlemass
	B R Westran
<b>Company secretary</b>	B R Westran
<b>Registered office</b>	1390 Montpellier Court Gloucester Business Park Brockworth Gloucester GL3 4AH
<b>Solicitors</b>	Travers Smith 10 Snow Hill London EC1A 2AL
<b>Bankers</b>	Barclays Bank PLC Corporate Banking 4th Floor Bridgewater House Counterslip, Finzels Reach Bristol BS1 6BH
<b>Auditors</b>	Ernst & Young LLP Chartered Accountants Bristol

## **Manchester Working Limited**

# **Directors' Report for the Year Ended 31 December 2022**

The directors present their report and the financial statements for the year ended 31 December 2022.

This report has been prepared in accordance with the special provisions of section 381 of the Companies Act 2006 relating to small companies. The directors has taken exemption under this regime not to disclose the strategic report.

### **Directors' of the company**

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

D J Miles

A C M Smith

P R Hindle

P Baldwin

C E Middlemass

B R Westran

M S Bennett was a director during the year, resigning on 9 May 2023.

### **Principal activity**

The principal activity of the Company is the provision of property and estate maintenance services, predominantly for Manchester City Council.

### **Risk management**

#### ***Objectives and policies***

The effective management of risk is a key feature to the continuing success of our Company. Our approach is to identify principal risks and robustly mitigate the impact of these risks through a Group-wide risk management process.

#### ***Risks***

The Company is part of a group (Mears Group plc, the 'Group') which has a single approach to managing risk. The Group-wide risk management process is set out in more detail in the Corporate Governance Statement of the Group financial statements.

### **Employment of disabled persons**

Applications for employment by disabled employees are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities.

In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Company may continue.

It is the policy of the Company that training, career development and promotion opportunities should be available to all employees.

### **Employee involvement**

The Company has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the Company.

This is achieved through consultations with employee representatives as well as with employees themselves through the use of regular surveys. Senior management also present regular briefings cascades to all employees. The wider Group has appointed an Employee Director to better represent the interests of employees on the Board.

The Company has received recognition under the Investors in People scheme and continues to involve its staff in the future development of the business.

## **Directors' Report for the Year Ended 31 December 2022 (continued)**

### **Going concern**

The Company reported net assets of £1.0m (2021: net assets of £3.0m) and positive cash balances.

In considering the appropriateness of adopting the Going Concern basis for preparing the financial information, the Directors prepared financial forecasts for the period up to 30 September 2024. The Company has reached the practical completion stage of all works orders, and the Directors expect to see the finalisation of the remaining commercial accounts, and the settlement of all outstanding creditor balances. Some of the most recently completed works orders are subject to a defects liability period and the Company will be responsible for rectification of minor defects, albeit much of this risk sits with the Company's supply chain. Given the Company is not looking to secure new works, and given the strong financial position of the Company, the level of the financial risk, and the range of possible outcomes, is low.

The principal risks and uncertainties of the Company are managed at a Group level. However, given the Company is not intending to secure new works, and the operational activities will be restricted to rectification works utilising specialist subcontractors, operational and financial risk is low.

On this basis, and with Mears Group PLC having confirmed its intention to support the Company for the period up to 30 September 2024, the Directors consider it appropriate to adopt the Going Concern basis for the preparation of the financial information.

### **Directors' liabilities**

In accordance with our Articles of Association and to the extent permitted by the laws of England and Wales, Directors are granted an indemnity from the Company in respect of liabilities incurred as a result of their position in office. However, our indemnity does not cover Directors or officers in the event of being proven of acting dishonestly or fraudulently.

### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

### **Reappointment of auditors**

Ernst and Young LLP are deemed to be reappointed in accordance with an elective resolution made under section 386 of the Companies Act 2006.

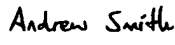
### **Energy and carbon reporting**

The Company has complied with all the streamlined Energy and Carbon Reporting requirements (SECR), along with all the other entities that are part of Mears Group PLC. The annual report and accounts of Mears Group PLC included SECR required disclosures for all subsidiaries within the Group.

### **Small companies provision statement**

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

Approved by the board on 29 September 2023 and signed on its behalf by:

DocuSigned by:  
  
.....9A7577B6BCE5489.....

A C M Smith  
Director

## **Statement of Directors' Responsibilities**

The Directors acknowledge their responsibilities for preparing the Directors' Report and 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; 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. 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Independent Auditor's Report to the Members of Manchester Working Limited**

### **Opinion**

We have audited the financial statements of Manchester Working Limited (the 'company') for the year ended 31 December 2022, which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 the provisions available for small entities, in the circumstances set out in note to the financial statements, 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 to 30 September 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### **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 this report, we do not express any form of assurance conclusion thereon.

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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

## **Independent Auditor's Report to the Members of Manchester Working Limited (continued)**

### **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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the 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 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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.

### **Auditor 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.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.



Manchester Working Limited

## Independent Auditor's Report to the Members of Manchester Working Limited (continued)

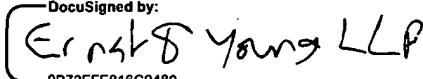
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS101 and the Companies Act 2006) and the relevant tax compliance regulations in the UK
- We understood how Manchester Working Limited is complying with those frameworks by reading internal policies and assessing the entity level control environment, including the level of oversight of those charged with governance. We made enquiries of the Company's legal counsel and internal audit of any known instances of non-compliance or suspected non-compliance with laws and regulations. We corroborated our enquiries through review of correspondence with regulatory bodies. We designed our audit procedures to identify non-compliance with such laws and regulations identified in the paragraph above.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the programs and controls that the group has established to address risks identified by the entity, or that otherwise prevent, deter and detect fraud, how senior management monitor those programs and controls, evaluating conditions in the context of incentive and/or pressure to commit fraud, considering the opportunity to commit fraud and the potential rationalisation of the fraudulent act.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved making enquiries of senior management, including the Directors and Company Secretary. As well as attendance and enquiry at meetings, our procedures involved a review of board meetings, internal audit reports, and other committee minutes to identify any non-compliance with laws and regulations. We planned our audit procedures to identify risks of management override, tested higher risk journal entries and performed audit procedures to address the potential for management bias, particularly over areas involving significant estimation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](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.

DocuSigned by:  
  
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Greg Tyler  
Senior Statutory Auditor  
for and on behalf of Ernst & Young LLP,  
Statutory Auditor, Chartered Accountants  
Bristol

29 September 2023

**Manchester Working Limited**

**Profit and Loss Account for the Year Ended 31 December 2022**

		<b>31 December 2022 £ 000</b>	<b>15 months to 31 December 2021 £ 000</b>
	<b>Note.</b>		
Revenue	3	3,898	7,190
Cost of sales		<u>(4,631)</u>	<u>(6,972)</u>
Gross (loss)/profit		(733)	218
Administrative expenses		(1,248)	(1,930)
Other operating income	4	<u>-</u>	<u>56</u>
Operating loss	5	(1,981)	(1,656)
Interest receivable and similar income	6	1	27
Interest payable and similar charges	7	<u>(25)</u>	<u>(25)</u>
Loss before tax		(2,005)	(1,654)
Tax on loss on ordinary activities	11	<u>(6)</u>	<u>(23)</u>
Loss for the year		<u><u>(2,011)</u></u>	<u><u>(1,677)</u></u>

The results above are in respect of continuing operations.

**Manchester Working Limited**

**Statement of Comprehensive Income for the Year Ended 31 December 2022**

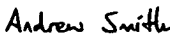
	<b>31 December 2022 £ 000</b>	<b>15 months to 31 December 2021 £ 000</b>
Loss for the year	<u>(2,011)</u>	<u>(1,677)</u>
Total comprehensive income for the year	<u><u>(2,011)</u></u>	<u><u>(1,677)</u></u>

**Manchester Working Limited****(Registration number: 05856213)****Balance Sheet as at 31 December 2022**

	Note	31 December 2022 £ 000	31 December 2021 £ 000
<b>Non-current assets</b>			
Intangible assets	13	-	-
Tangible assets	14	-	10
Deferred tax assets	12	33	39
		<u>33</u>	<u>49</u>
<b>Current assets</b>			
Current debtors	15	2,100	3,309
Debtors due after more than one year	15	428	313
Corporation tax asset		-	152
Cash at bank and in hand		622	305
		<u>3,150</u>	<u>4,079</u>
<b>Creditors: Amounts falling due within one year</b>			
Trade and other creditors	16	(1,169)	(917)
Provisions		-	(100)
		<u>(1,169)</u>	<u>(1,017)</u>
<b>Creditors: Amounts falling due within one year</b>			
		<u>(1,169)</u>	<u>(1,017)</u>
<b>Net current assets</b>		<u>1,981</u>	<u>3,062</u>
<b>Total assets less current liabilities</b>		2,014	3,111
<b>Creditors: Amounts falling due after more than one year</b>			
Amounts due to related parties	19	(1,025)	(111)
		<u>(1,025)</u>	<u>(111)</u>
<b>Net assets</b>		<u>989</u>	<u>3,000</u>
<b>Capital and reserves</b>			
Called up share capital	20	1	1
Profit and loss account		988	2,999
		<u>989</u>	<u>3,000</u>
<b>Shareholders' funds</b>		<u>989</u>	<u>3,000</u>

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

Approved by the board on 29 September 2023 and signed on its behalf by:

DocuSigned by:  
  
.....9A7577A68CE5499.....  
A C M Smith  
Director

The notes on pages 12 to 27 form an integral part of these financial statements.

**Manchester Working Limited**

**Statement of Changes in Equity for the Year Ended 31 December 2022**

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 October 2020	1	4,676	4,677
Loss for the year	-	(1,677)	(1,677)
Total comprehensive income	-	(1,677)	(1,677)
At 31 December 2021	1	2,999	3,000

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2022	1	2,999	3,000
Loss for the year	-	(2,011)	(2,011)
Total comprehensive income	-	(2,011)	(2,011)
At 31 December 2022	1	988	989

**Manchester Working Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2022**

### **1 General information**

The financial statements present the results and financial position of Manchester Working Limited ("the Company") for the year ended 31 December 2022.

The Company is a private company limited by share capital, incorporated in England and Wales and domiciled in United Kingdom.

The address of its registered office is:  
1390 Montpellier Court  
Gloucester Business Park  
Brockworth  
Gloucester  
GL3 4AH  
United Kingdom

These financial statements were authorised for issue by the board on 29 September 2023.

### **2 Accounting policies**

#### **Basis of preparation**

The financial statements of the Company have been prepared in accordance with applicable accounting standards, including FRS 101, and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis. The financial statements are presented in Sterling (£), rounded to the nearest thousand (£'000), which is also the functional currency of the Company.

The Company has taken advantage of the reduced disclosures for subsidiaries provided for in FRS 101 and the specific exemptions that the Company has taken advantage of are set out in 'Summary of disclosure exemptions', as the Company is a member of a group where the parent of that group prepares publicly available financial statements, including this company which are intended to give a true and fair view of the assets, liabilities, financial position and profit and loss of the group.

## **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

### **2 Accounting policies (continued)**

#### **Going concern**

In considering the appropriateness of adopting the Going Concern basis for preparing the financial information, the Directors prepared financial forecasts for the period up to 30 September 2024. The Company has reached the practical completion stage of all works orders, and the Directors expect to see the finalisation of the remaining commercial accounts, and the settlement of all outstanding creditor balances. Some of the most recently completed works orders are subject to a defects liability period and the Company will be responsible for rectification of minor defects, albeit much of this risk sits with the Company's supply chain. Given the Company is not looking to secure new works, and given the strong financial position of the Company, the level of the financial risk, and the range of possible outcomes, is low.

The principal risks and uncertainties of the Company are managed at a Group level. However, given the Company is not intending to secure new works, and the operational activities will be restricted to rectification works utilising specialist subcontractors, operational and financial risk is low.

On this basis, and with Mears Group PLC having confirmed its intention to support the Company for the period up to 30 September 2024, the Directors consider it appropriate to adopt the Going Concern basis for the preparation of the financial information.

#### **Government grants**

Grants from the government are recognised at their fair value in profit or loss where there is a reasonable assurance that the grant will be received and the company has complied with all attached conditions. Grants received where the company has yet to comply with all attached conditions are recognised as a liability (and included in deferred income within trade and other payables) and released to income when all attached conditions have been complied with.

## Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

### 2 Accounting policies (continued)

#### Tax

The tax expense comprises current deferred tax.

Current tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the accounting periods to which they relate, based on the taxable profit for the year.

Where an item of income or expense is recognised in the Profit and Loss Account, any related tax generated is recognised as a component of tax expense in the Profit and Loss Account. Where an item is recognised directly to equity or presented within the Profit and Loss Account, any related tax generated is treated similarly.

Deferred taxation is the tax expected to be repayable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred taxation liabilities are generally recognised on all taxable temporary differences in full with no discounting. Deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability, unless the related transaction is a business combination or affects tax or accounting profit.

Deferred taxation is calculated using the tax rates and laws that are expected to apply in the period when the liability is settled or the asset is realised, provided they are enacted or substantively enacted at the balance sheet date. The carrying value of deferred taxation assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which taxable temporary differences can be utilised. Deferred tax is charged or credited to either the Profit and Loss Account, the Statement of Comprehensive Income or equity to the extent that it relates to items charged or credited. Deferred tax relating to items charged or credited directly to equity is also credited or charged to equity.

#### Tangible assets

Items of property, plant and equipment are stated at historical cost, net of depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow into the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit and loss account during the financial period in which they are incurred.

#### Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	shorter of useful economic life or over the period of the lease
Plant and machinery	20% per annum, straight line
Equipment	20% per annum, straight line

#### Intangible assets

Software is stated at cost less amortisation.



## Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

### 2 Accounting policies (continued)

#### Amortisation

Amortisation commences upon completion of the asset and is shown within other administrative expenses. Until the asset is available for use on completion of the project, the assets are subject to impairment testing only.

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Software	25% per annum, reducing balance

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

#### Trade debtors

Trade debtors represent amounts due from customers in respect of invoices. They are initially measured at their transaction price and subsequently remeasured at amortised cost.

Retention assets represent amounts held by customers for a period following payment of invoices, to cover any potential defects in the work. Retention assets are included in trade debtors and are therefore initially measured at their transaction price.

#### Contract assets

Contract assets are included in trade and other receivables and represent revenue recognised in excess of the total of payments on account and amounts invoiced.

#### Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

#### Defined contribution pension obligation

The Company operates a defined contribution pension scheme for employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions to an independent entity. The Company has no legal obligations to pay further contributions after payment of the fixed contribution.

The contributions recognised in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

The assets of the schemes are held separately from those of the Company in an independently administered fund.

**Manchester Working Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

### **2 Accounting policies (continued)**

#### **Reserves**

Share capital is determined using the nominal value of shares that have been issued.

Profit and loss account includes all current and prior period retained profits and losses.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

## Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

### 2 Accounting policies (continued)

#### Summary of disclosure exemptions

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2022. The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) The requirements of IFRS 2 Share-based Payments;
- b) The requirements of IFRS 3 Business Combinations;
- c) The requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations;
- d) The requirements of IFRS 7 Financial Instruments: Disclosures;
- e) The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- f) The requirements of IFRS 15 Revenue from Contracts with Customers;
- g) The requirements of IFRS 16 Leases;
- h) The requirements of paragraph 58 of IFRS 16;
- i) The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
  - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
- j) The requirements of paragraph 10(d) and 134 to 136 of IAS 1 Presentation of Financial Statements;
- k) The requirements of IAS 7 Statement of Cash Flows;
- l) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- m) The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- n) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- o) The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- p) The requirements of paragraph 5(c) of the FRS 101 Reduced Disclosure Framework.

## Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

### 2 Accounting policies (continued)

#### **Financial assets and liabilities**

Financial assets and liabilities are recognised in the Balance Sheet when the Company becomes party to the contractual provisions of the instrument. The principal financial assets and liabilities of the Company are as follows:

#### ***Financial assets, loans and receivables***

The assets generated from goods or services transferred to customers are presented as either receivables or contract assets, in accordance with IFRS 15. The assessment of impairment of receivables or contract assets is in accordance with IFRS 9 'Financial Instruments'.

All cash flows from customers are solely payments of principal and interest, and do not contain a significant financing component. Financial assets generated from all of the Company's revenue streams are therefore initially measured at their fair value, which is considered to be their transaction price (as defined in IFRS 15) and are subsequently remeasured at amortised cost.

Under IFRS 9, the Company recognises a loss allowance for expected credit losses (ECL) on financial assets subsequently measured at amortised cost using the 'simplified approach'. Individually significant balances are reviewed separately for impairment based on the credit terms agreed with the customer. Other balances are grouped into credit risk categories and reviewed in aggregate.

Trade receivables, contract assets and cash at bank and in hand are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables and contract assets are initially recorded at fair value net of transaction costs, being invoiced value less any provisional estimate for impairment should this be necessary due to a loss event. Trade receivables are subsequently remeasured at invoiced value, less an updated provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the Profit and Loss Account.

Cash and cash equivalents include cash at bank and in hand and bank deposits available with no notice or less than three months' notice from inception that are subject to an insignificant risk of changes in value. Bank overdrafts are presented as current liabilities to the extent that there is no right of offset with cash balances.

Following initial recognition, financial assets are subsequently remeasured at amortised cost using the effective interest rate method.

#### ***Financial Liabilities***

The Company's financial liabilities are trade and other payables including accrued expenses, and amounts owed to Group companies.

All interest related charges are recognised as an expense in 'Interest payable and similar charges' in the Profit and Loss Account with the exception of those that are directly attributable to the construction of a qualifying asset, which are capitalised as part of that asset.

Trade payables on normal terms are not interest bearing and are stated at their fair value on initial recognition and subsequently at amortised cost. Contingent consideration is initially recognised at fair value and is subsequently measured at fair value through the Profit and Loss Account.

Contingent consideration is initially recognised at fair value and is subsequently measured at fair value through the Profit and Loss Account.

## Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

### 2 Accounting policies (continued)

#### Changes to accounting policies

During the period, the Company reviewed its estimation of the useful economic lives of plant and machinery and equipment. As a result of this review, the rates of depreciation generally applicable for these categories were changed to 20% straight line from 25% reducing balance. The current year impact of this change in estimate of £8,000 was recognised as an expense during the year in Administrative expenses.

#### Revenue

Revenue is recognised in accordance with IFRS 15 'Revenue from Contracts with Customers'. IFRS 15 provides a single, principles-based, five-step model to be applied to all sales contracts as outlined below. It is based on the transfer of control of goods and services to customers and replaces the separate models for goods, services and construction assets. The detail below sets out the principal types of contract and how the revenue is recognised in accordance with IFRS 15.

##### *Repair and maintenance contracts*

For contracts in this category, the customer raises orders on demand, for example to carry out responsive repairs. Revenue is derived from a mixture of lump-sum periodic payments and task-based payments depending on the terms of the individual contract.

Where a lump sum payment is in place it may cover the administrative element of the contract or may cover the majority of the tasks undertaken within that contract with exclusions to this being charged in addition to the lump-sum charge. For the works covered by the lump-sum payment, the performance obligation is being available to deliver the goods and services in the scope of the contract, not the performance of the individual works orders themselves. Revenue is recognised on a straight-line basis as performance obligations are being met over time.

For works orders not covered by a lump-sum payment, each works order represents a distinct performance obligation and, as the customer controls the asset being enhanced through the works, the performance obligation is satisfied over time. Each works order can be broken down into one or more distinct tasks which are either complete or not complete. The stage of completion of the works order is assessed by looking at which tasks are complete. The transaction price for partly completed works orders is recognised as cost plus expected margin. The transaction price for completed works orders is the invoice value, which is typically determined by a pricing schedule referred to as a Schedules of Rates that provides a transaction price for each particular task.

Some contracts may include an element of variable revenue based on certain Key Performance Indicators ('KPIs'). These are recognised either at a point in time or over time, depending on the nature of the KPI and the contractual agreement in which it is contained. Where there is uncertainty in the measurement of variable consideration, at both the start of the contract and subsequently, management will consider the facts and circumstances of the contract in determining either the most likely amount of variable consideration when the outcome is binary, or the expected value based on a range of possible considerations. Included within this assessment will be the extent to which there is a high probability that a significant reversal in variable consideration revenues will not occur once the uncertainty is subsequently resolved. This assessment will include consideration of the following factors: the total amount of the variable consideration; the proportion of consideration susceptible to judgements of customers or third parties, for example KPIs; the length of time expected before resolution of the uncertainty; and the Company's previous experience of similar contracts.

## Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

### 2 Accounting policies (continued)

#### *Contracting projects*

For contracting projects, the contract states the scope and specification of the construction works to be carried out, for a fixed price. The Company is continuously satisfying this single performance obligation as cost is incurred, determining progress against the performance obligation on either an input or an output basis. The customer controls the site or output as the work is being performed on it and therefore revenue is recognised over time where there is an enforceable right to payment for works completed to date and the work completed does not create an asset with an alternative use to the Company. An assessment is made of costs incurred to date and the costs required to complete the project. If a project is not deemed to be profitable, the unavoidable costs of fulfilling the contract are provided for immediately. This category also includes construction contracts where an end customer has not yet been identified and the revenue is recognised at the point of sale of the property, rather than over time.

#### *Mobilisation*

Across all revenue types, where a contract includes a mobilisation element, consideration is initially given to whether the mobilisation element contains any discrete performance obligations. If this is the case, an element of the total contract price is allocated to those performance obligations and recognised either at a point in time or over time, depending on the nature of the performance obligation. Mobilisation income is included in the revenue category to which the contract relates.

Where amounts are received for mobilisation elements that are not performance obligations, these amounts are allocated to the performance obligations in the contract to which they relate.

### 3 Revenue

The revenue and profit before tax are attributable to the one principal activity of the Company. All revenue is derived from within the United Kingdom.

The Company's revenue disaggregated by pattern of revenue recognition is as follows:

	31 December 2022 £ 000	15 months to 31 December 2021 £ 000
Repairs and maintenance	447	-
Contracting	3,451	7,190
	<u>3,898</u>	<u>7,190</u>

Repairs and maintenance revenue is typically invoiced between one and 30 days from completion of the performance obligation. Contracting revenue is typically invoiced based on the stage of completion of the overall contract. Payment terms for revenue invoiced are typically 30 days from the date of invoice.

### 4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	31 December 2022 £ 000	15 months to 31 December 2021 £ 000
Government grants	-	56

**Manchester Working Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

**4 Other operating income (continued)**

There was no other operating income in the period (2021: £56,000 relating to the government furlough scheme, which provided financial support relating to the Covid-19 pandemic).

**5 Operating loss**

Arrived at after charging

	31 December 2022 £ 000	15 months to 31 December 2021 £ 000
Depreciation on tangible fixed assets	10	5
Loss on disposal of property, plant and equipment	-	6

**6 Other interest receivable and similar income**

	31 December 2022 £ 000	15 months to 31 December 2021 £ 000
Interest income on bank deposits	1	2
Interest receivable from group undertakings	-	25

**7 Interest payable and similar charges**

	31 December 2022 £ 000	15 months to 31 December 2021 £ 000
Interest on bank overdrafts and borrowings	-	25
Interest paid to group undertakings	25	-

**8 Auditors' remuneration**

	31 December 2022 £ 000	15 months to 31 December 2021 £ 000
Audit of the financial statements	39	35

**Manchester Working Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

**9 Staff costs**

The aggregate payroll costs were as follows:

	<b>31 December 2022 £ 000</b>	<b>15 months to 31 December 2021 £ 000</b>
Wages and salaries	522	994
Social security costs	38	92
Other pension costs	414	566
	<u>974</u>	<u>1,652</u>

The average number of persons employed by the Company (including Directors) during the year, analysed by category was as follows:

	<b>31 December 2022 No.</b>	<b>15 months to 31 December 2021 No.</b>
Administration and support	8	15
Other departments	2	13
	<u>10</u>	<u>28</u>

**10 Directors' remuneration**

The Directors were remunerated through other Group companies during the year and no remuneration was paid in respect of their positions as Directors of Manchester Working Limited.



Manchester Working Limited

**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

**11 Income tax**

Tax charged in the profit and loss account

	31 December 2022 £ 000	15 months to 31 December 2021 £ 000
<b>Current taxation</b>		
UK corporation tax adjustment to prior periods	-	(56)
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	6	1
Arising from changes in tax rates and laws	-	(9)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	-	87
Total deferred taxation	6	79
Tax expense in the profit and loss account	6	23

The tax on loss before tax for the year is higher than the standard rate of corporation tax in the UK (2021 - higher than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	31 December 2022 £ 000	15 months to 31 December 2021 £ 000
Loss before tax	(2,005)	(1,654)
Corporation tax at standard rate	(381)	(314)
Increase from effect of capital allowances depreciation	3	1
Decrease from effect of expenses not deductible in determining taxable profit (tax loss)	(1)	-
Increase arising from group relief	385	345
Deferred tax credit relating to changes in tax rates or laws	-	(9)
Total tax charge	6	23

**Factors affecting future tax charges**

The UK Budget 2021 announcements on 3 March 2021 included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were substantively enacted at the balance sheet date and hence have been reflected in the measurement of deferred tax balances at the period end, to the extent those balances are expected to impact on current tax after 1 April 2023.

**Manchester Working Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

**12 Deferred tax**

**Deferred tax asset**

	<b>Balance sheet</b>		<b>Profit and loss</b>	
	<b>At 31 December 2022 £ 000</b>	<b>At 31 December 2021 £ 000</b>	<b>2022 £ 000</b>	<b>2021 £ 000</b>
Provisions	-	-	-	(87)
Capital allowances	33	39	(6)	8
	<u>33</u>	<u>39</u>	<u>(6)</u>	<u>(79)</u>

Deferred tax is calculated on temporary differences under the liability method.

The deferred tax asset is now disclosed separately in non current assets on the Balance Sheet, this was previously included in current assets.

**13 Intangible assets**

	<b>Software £ 000</b>
<b>Cost or valuation</b>	
At 1 January 2022	<u>2</u>
At 31 December 2022	<u>2</u>
<b>Amortisation</b>	
At 1 January 2022	<u>2</u>
At 31 December 2022	<u>2</u>
<b>Carrying amount</b>	
At 31 December 2022	<u>-</u>
At 31 December 2021	<u>-</u>

Amortisation of intangible assets is included within administrative expenses.

## Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

### 14 Tangible assets

	Leasehold improvements £ 000	Furniture, fittings and equipment £ 000	Total £ 000
<b>Cost or valuation</b>			
At 1 January 2022	198	43	241
Disposals	-	(26)	(26)
At 31 December 2022	198	17	215
<b>Depreciation</b>			
At 1 January 2022	198	33	231
Charge for the year	-	10	10
Eliminated on disposal	-	(26)	(26)
At 31 December 2022	198	17	215
<b>Carrying amount</b>			
At 31 December 2022	-	-	-
At 31 December 2021	-	10	10

### 15 Trade and other debtors

	31 December 2022 £ 000	31 December 2021 £ 000
Trade debtors	441	706
Provision for impairment of trade debtors	(43)	(43)
Net trade debtors	398	663
Current debtors due from related parties	35	38
Debtors due from related parties after more than one year	-	13
Prepayments	1	1
Contract assets	2,094	2,898
Other debtors	-	9
	2,528	3,622
Less non-current portion	(428)	(313)
	2,100	3,309

Included in trade debtors is £428,000 (2021: £300,000) in respect of retention payments due in more than one year.

Trade debtors are normally due within 30 to 60 days and do not bear any effective interest rate. All trade debtors and accrued income are subject to credit risk exposure. The Company's customers are Local and Central Government where credit risk is minimal.

**Manchester Working Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

**16 Trade and other creditors**

	<b>31 December 2022 £ 000</b>	<b>31 December 2021 £ 000</b>
Trade creditors	366	420
Accrued expenses	166	224
Amounts due to related parties	376	-
Social security and other taxes	136	266
Other creditors	125	7
	<b>1,169</b>	<b>917</b>

**17 Contingent liabilities**

Manchester Working Limited and the other companies in the Group headed by Mears Group PLC have entered into a Composite Accounting Agreement with Barclays, whereby each Company has provided a guarantee to the Bank and, under the terms of the guarantees, the Bank is authorised to allow set-off for interest purposes and in certain circumstances to set-off debit and credit balances within the Composite Accounting System.

**18 Parent and ultimate parent undertaking**

The company's immediate parent is Morrison Facilities Services Limited by virtue of its 80% shareholding.

The ultimate parent is Mears Group PLC by virtue of its 100% interest in Morrison Facilities Services Limited.

Mears Group PLC prepares group financial statements which include this company and are the smallest and largest consolidated accounts that the company are included in. These financial statements are available upon request from The Company Secretary, Mears Group PLC, 1390 Montpellier Court, Gloucester Business Park, Brockworth, Gloucester, GL3 4AH.

**19 Related party transactions**

The Group of which the Company is a member has a central treasury arrangement in which all Group companies participate and procures a number of goods and services centrally which are recharged to its subsidiaries at cost. The Directors do not consider it meaningful to set out details of transfers made in respect of this treasury arrangement, nor the recharge of centrally procured goods and services.

Interest on amounts owed to group companies of £25,000 (2021: £25,000 interest received) incurred during the year, is charged at a rate of 2.5% and the loans are repayable after more than one year.

During the period, the Company invoiced a total of £4,292,000 in the year (2021: 15 month period £6,853,000) to Manchester City Council ('MCC'), a 20% shareholder of Manchester Working Limited. There was an outstanding net debtor at the period end of £420,000 (2021: £362,000).

During the period, the Company made purchases of £455,000 (2021: 15 month period £472,000) from Mears Limited, a fellow subsidiary of Mears Group plc. A net balance of £336,000 (2021: balance of £73,000) was owed to Mears Limited in respect of these transactions at the period-end.

**Manchester Working Limited**

**Notes to the Financial Statements for the Year Ended 31 December  
2022 (continued)**

**20 Share capital**

**Allotted, called up and fully paid shares**

	<b>31 December 2022</b>		<b>31 December 2021</b>	
	<b>No.</b>	<b>£</b>	<b>No.</b>	<b>£</b>
'A' ordinary shares of £1 each	200	200	200	200
'B' ordinary shares of £1 each	800	800	800	800
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

The 'A' shares carry voting rights and the right to appoint two directors of the Company. The 'B' shares carry voting rights and the right to appoint 8 directors of the Company. The 'A' and 'B' shares rank equally for the payment of dividends and the distribution of assets on the winding up of the business.