

**Manchester Life Development  
Company Limited**  
**Annual report and financial statements**  
**for the year ended 31 May 2016**

Registered number: 08800093

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# Manchester Life Development Company Limited

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# Manchester Life Development Company Limited

## Directors' report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the reporting year to 31 May 2016. The Company's registered address is the Town Hall, Albert Square, Manchester, M60 2LA.

This Directors' Report has been prepared, and the Strategic Report exemption taken, in accordance with small companies exemption under section 414(B) of the Companies Act 2006.

### Principal activities

The principal activities of the company is to provide services under the Pre Construction Services Agreements (PCSA's) in respect of six Phase One projects in the Manchester Life initiative. During the year planning consent was secured for four of the six project and design and planning work commenced on the final two. The Company entered into building contracts in respect of three of the six projects.

Each of these PCSA's is with an entity based in Jersey. Under the terms of these Agreements the Company is entitled to recover all professional fees, site protection costs, statutory applications and office set up costs. Manchester Life receives a fee based upon a percentage of such costs incurred.

Under the building contracts Manchester Life receives a development management fee which varies according to the scope of services provided.

### Business review

2016 was a satisfactory year for Manchester Life Development Company Limited. The annual result showed a loss after tax of £733,000 (2015 restated: £537,000). As a result of the loss for the year, the net liability position of the company has increased to £1,180,000 (2015: £451,000).

### Future developments

The increased level of construction activity in this financial year has generated increased turnover for the Company and this trend is expected to continue in the next financial year. The results for the year are in line with forecasts and expectations. The Directors expect the loss for the next financial year to reduce significantly as the Company will have let all six building contracts, generating increased development management fee income.

Details of significant events since the balance sheet date are contained in note 14 to the financial statements.

### Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future based on the operational forecasts and a letter of support from one of the Joint Venture parties. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the significant accounting policies in the notes to the financial statements.

### Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

### Cash flow risk

The Company's turnover is derived from contracts with other related party companies. The Company has a loan agreement with the immediate controlling party (Loom Holdings Limited) that provides working capital funding in sterling. The company is not exposed to foreign exchange or interest rate swap contracts.

# Manchester Life Development Company Limited

## Directors' report (continued)

### Going concern (continued)

#### Credit risk

The Company's trade receivables are generated from contracts with other related party companies. The Company's principal financial assets are bank balances and cash, amounts receivable from related parties and trade and other receivables.

#### Dividends

The directors are unable to recommend a dividend (2015: same).

#### Directors

The directors, who served throughout the year except as noted, were as follows:

Martin Lee Edelman  
Sir Richard Leese  
Ali Alfrayhat  
Sir Howard Bernstein  
Simon Pearce

#### Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

#### Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



Martin Lee Edelman  
Director

~~13 January~~ 2017

9 February

Manchester Life Development Company Limited

# **Manchester Life Development Company Limited**

## **Directors' responsibilities statement**

The directors are responsible for preparing the Annual 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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 Manchester Life Development Company Limited**

We have audited the financial statements of Manchester Life Development Company Limited for the year ended 31 May 2016 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2016 and of the company's 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of Manchester Life Development Company Limited (continued)**

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where 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.
- the directors were not entitled to take advantage of the small companies' exemption from preparing the Strategic Report or in preparing the Directors' Report.

G. Benson

Elizabeth Benson BSc ACA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Manchester, United Kingdom

~~13 January~~ 2017

9 February

# Manchester Life Development Company Limited

## Profit and loss account

For the year ended 31 May 2016

|   | Note | 2016<br>£'000 | 2015<br>18mth period<br>(restated, see<br>note 13)<br>£'000 |
|---|------|---------------|---|
| Turnover                                    | 2    | 345           | 92  |
| Cost of sales                               |      | -             | -   |
| <b>Gross profit</b>                         |      | <b>345</b>    | <b>92</b>   |
| Administrative expenses                     |      | (989)         | (614)   |
| <b>Operating loss</b>                       |      | <b>(644)</b>  | <b>(522)</b>  |
| Interest payable and similar charges        |      | (89)          | (15)  |
| Loss on ordinary activities before taxation | 3    | (733)         | (537)   |
| Tax on loss on ordinary activities          | 5    | -             | -   |
| <b>Loss for the financial year/period</b>   |      | <b>(733)</b>  | <b>(537)</b>  |

The company has no recognised gains or losses other than those shown in the profit and loss account for the current year and previous period. Accordingly, no separate statement of comprehensive income has been presented.



# Manchester Life Development Company Limited

## Balance sheet At 31 May 2016

|   |      |                | 2015<br>18mth period<br>(restated, see<br>note 13) |
|---|------|----------------|--|
|   | Note | 2016<br>£'000  | £'000  |
| <b>Current assets</b>                                   |      |                |  |
| Amounts receivable from related parties                 | 6    | 1,087          | 1,822  |
| Debtors   | 7    | 106            | 165  |
| Cash at bank and in hand                                |      | 394            | 1,227  |
| Creditors: Amounts falling due within one year          | 8    | (2,675)        | (1,265)  |
| <b>Total assets less current liabilities</b>            |      | <b>(1,088)</b> | <b>1,949</b>                                       |
| Creditors: Amounts falling due after more than one year | 9    | (92)           | (2,400)  |
| <b>Net liabilities</b>                                  |      | <b>(1,180)</b> | <b>(451)</b>                                       |
| <b>Capital and reserves</b>                             |      |                |  |
| Called-up share capital                                 | 10   | -              | -  |
| Reserves  | 11   | (1,180)        | (451)  |
| <b>Shareholders' deficit</b>                            |      | <b>(1,180)</b> | <b>(451)</b>                                       |

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

The financial statements of Manchester Life Development Company Limited (registered number 08800093) were approved by the board of directors and authorised for issue on 13 January 2017. They were signed on its behalf by:



Martin Lee Edelman  
Director

# Manchester Life Development Company Limited

## Statement of changes in equity At 31 May 2016

|                                      | Called-up<br>share<br>capital<br>£'000 | Profit<br>and loss<br>account<br>£'000 | Capital<br>contribution<br>£'000 | Total<br>£'000 |
|--------------------------------------|--|--|----------------------------------|----------------|
| On incorporation                     | -                                      | -                                      | -                                | -              |
| Recorded loss for the period         | -                                      | (631)                                  | -                                | (631)          |
| <b>Total comprehensive income</b>    | -                                      | (631)                                  | -                                | (631)          |
| Issue of share capital               | -                                      | -                                      | -                                | -              |
| <b>At 31 May 2015</b>                | -                                      | (631)                                  | -                                | (631)          |
| Prior period adjustment, see note 13 | -                                      | 94                                     | 86                               | 180            |
| <b>At 31 May 2015 (restated)</b>     | -                                      | (537)                                  | 86                               | (451)          |
| Recorded loss for the year           | -                                      | (733)                                  | -                                | (733)          |
| Capital contribution movement        | -                                      | -                                      | 3                                | 3              |
| <b>Total comprehensive income</b>    | -                                      | (1,270)                                | 89                               | (1,180)        |
| Issue of share capital               | -                                      | -                                      | -                                | -              |
| <b>At 31 May 2016</b>                | -                                      | (1,270)                                | 89                               | (1,180)        |

# Manchester Life Development Company Limited

## Cash flow statement

For the year ended 31 May 2016

|  |                | 2016<br>£'000  | 2015<br>18mth period<br>(restated, see<br>note 13)<br>£'000 |
|--|----------------|----------------|---|
| <b>Net cash flows from operating activities</b>        | <b>Note 12</b> | <b>1,560</b>   | <b>(1,244)</b>  |
| <b>Cash flows from financing activities</b>            |                |                |   |
| New loans raised                                       |                | 10,500         | 2,471   |
| Loan repayments  |                | (12,893)       | -   |
| <b>Net cash flows from financing activities</b>        |                | <b>(2,393)</b> | <b>2,471</b>  |
| Net increase in cash and cash equivalents              |                | (833)          | 1,227   |
| Cash and cash equivalents at beginning of year/period  |                | 1,227          | -   |
| <b>Cash and cash equivalents at end of year/period</b> |                | <b>394</b>     | <b>1,227</b>  |
| <b>Reconciliation to cash at bank and in hand:</b>     |                |                |   |
| Cash at bank and in hand                               |                | 394            | 1,227   |
| Cash equivalents                                       |                | -              | -   |
| <b>Cash and cash equivalents</b>                       |                | <b>394</b>     | <b>1,227</b>  |

# Manchester Life Development Company Limited

## Notes to the financial statements

For the year ended 31 May 2016

### 1. Significant accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and in the prior period.

#### a. General information and basis of accounting

Manchester Life Development Company Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is the Town Hall, Albert Square, Manchester, M60 2LA. The nature of the company's operations and its principal activities are set out in the Directors' report on pages 1 and 2.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Manchester Life Development Company Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The prior year financial statements were for a period of 15 months to 31 May 2015. This is due to the company commencing trade February 2014, and thus has a longer period of account. Therefore, comparative amounts presented in the financial statements (including the related notes) are not entirely comparable.

During the year or prior period there have been no sources of estimation uncertainty or significantly judgements.

#### b. Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report. The Directors' report further describes the financial position of the Company; its liquidity position and borrowing facilities; the Company's objectives, policies and processes for managing its financial risk management objectives; and its exposure to credit risk and liquidity risk.

The Company meets its day to day working capital requirements through a loan agreement with one of the Joint Venture parties, Loom Holdings Limited. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its agreements with its Joint Venture and related parties. In addition the directors are in receipt of a letter of support from one of the Joint Venture parties (Loom Holdings Limited) which states their intention to continue to fund the business throughout the Going Concern assessment period.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### c. Receivables from related parties

Receivables from related parties are valued in accordance with the provisions of the Pre-Construction Services Agreements, at the amount recoverable from the client.

#### d. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

##### *Non-financial assets*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

##### *Financial assets*

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

# Manchester Life Development Company Limited

## Notes to the financial statements (continued)

For the year ended 31 May 2016

### 1. Significant accounting policies (continued)

#### d. Impairment of assets (continued)

##### *Financial assets (continued)*

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

#### e. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### f. Turnover

The Company receives a management fee based on a percentage of all costs incurred under the Pre-Construction Services Agreements. The Company recognises its fee income on the basis of the provisions of the Pre Construction Services Agreements, which provide for the Company to receive its fee income as a percentage of all costs incurred, as these costs are incurred.

#### g. Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

### 2. Turnover

The company's turnover relates to its principal activities, which are undertaken in the United Kingdom.

# Manchester Life Development Company Limited

## Notes to the financial statements (continued)

For the year ended 31 May 2016

### 3. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

|  | 2016<br>£'000     | 2015<br>18mth period<br>(restated, see<br>note 13)<br>£'000 |
|--|-------------------|---|
| Operating lease rentals                  | -                 | 4   |
| Auditor's remuneration:                  |                   |   |
| - for the statutory audit of the company | 15                | 18  |
| - for advisory services                  | 86                | 84  |
|  | <u>          </u> | <u>          </u>   |

Non audit fees have been borne by one of the joint venture parties – Loom Holdings Limited.

### 4. Staff numbers and costs

Apart from the Directors there are no employees of the company, and Manchester Life Development Company operates with the services of consultants.

The average monthly number of employees (including executive directors) was:

|                | 2016<br>No.       | 2015<br>18mth period<br>(restated, see<br>note 13)<br>No. |
|----------------|-------------------|---|
| Directors      | 5                 | 5   |
| Administration | -                 | -   |
|                | <u>          </u> | <u>          </u>   |

No Director received remuneration for their services to the company (2015: nil).

### 5. Tax on loss on ordinary activities

The tax charge comprises:

|   | 2016<br>£'000     | 2015<br>18mth period<br>(restated, see<br>note 13)<br>£'000 |
|---|-------------------|---|
| <b>Current tax on loss on ordinary activities</b> |                   |   |
| UK corporation tax                                | -                 | -   |
| <b>Total current tax</b>                          | <u>          </u> | <u>          </u>   |
| <b>Total deferred tax</b>                         | <u>          </u> | <u>          </u>   |
| <b>Total tax on loss on ordinary activities</b>   | <u>          </u> | <u>          </u>   |

The standard rate of tax applied to the reported loss on ordinary activities is 20 per cent, changed from 21 per cent in the year. The applicable tax rate has changed following the substantive enactment of the Finance Act 2016.

There is no expiry date on timing differences, unused tax losses or tax credits.

# Manchester Life Development Company Limited

## Notes to the financial statements (continued)

For the year ended 31 May 2016

### 5. Tax on loss on ordinary activities (continued)

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

|   | 2016<br>£'000 | 2015<br>18mth period<br>(restated, see<br>note 13)<br>£'000 |
|---|---------------|---|
| Loss on ordinary activities before tax  | (733)         | (537)   |
| Tax on loss on ordinary activities at standard UK corporation tax rate of 20% (2015 - 21.32%) | (147)         | (114)   |
| Effects of:   |               |   |
| - Expenses not deductible for tax purposes  | 17            | 28  |
| - unrelieved tax losses and other deductions arising in the year/period                       | 130           | 107   |
| Total tax charge for year/period  | -             | -   |

A deferred tax asset of £186,000 (2015 - £100,000) has not been recognised due to uncertainty over the timing of availability of taxable profits.

Legislation to reduce the main rate of UK corporation tax to 19% and 18% was passed by parliament during the year to take effect from 1 April 2017 and 1 April 2020. Deferred tax assets and liabilities have been calculated at these substantively enacted rates where appropriate. Further rate reductions to 17% have been announced, however this rate was not substantively enacted by the Balance Sheet date and therefore not included in the calculations.

### 6. Amounts receivable from related parties

|                           | 2016<br>£'000 | 2015<br>18mth period<br>(restated, see<br>note 13)<br>£'000 |
|---------------------------|---------------|---|
| Related party receivables | 1,087         | 1,822   |

No terms associated with the amounts owed by Related Parties.

### 7. Debtors

|                                      | 2016<br>£'000 | 2015<br>18mth period<br>(restated, see<br>note 13)<br>£'000 |
|--------------------------------------|---------------|---|
| Amounts falling due within one year: |               |   |
| Other debtors                        | 94            | 163   |
| Prepayments and accrued income       | 12            | 2   |
|                                      | 106           | 165   |

# Manchester Life Development Company Limited

## Notes to the financial statements (continued)

For the year ended 31 May 2016

### 8. Creditors – amounts falling due within one year

|                              | 2016<br>£'000 | 2015<br>18mth period<br>(restated, see<br>note 13)<br>£'000 |
|------------------------------|---------------|---|
| Trade creditors              | 2,654         | 1,129   |
| Accruals and deferred income | 21            | 136   |
|                              | <u>2,675</u>  | <u>1,265</u>  |

### 9. Creditors – amounts falling due after more than one year

|                                 | 2016<br>£'000 | 2015<br>18mth period<br>(restated, see<br>note 13)<br>£'000 |
|---------------------------------|---------------|---|
| Amounts owed to Related Parties | 92            | 2,400   |
|                                 | <u>92</u>     | <u>2,400</u>  |

The interest is accruing on the related party loan and has been imputed at a rate of 3.44% (2015 – 2.94%).

### 10. Called-up share capital

|   | 2016<br>£'000 | 2015<br>18mth period<br>(restated, see<br>note 13)<br>£'000 |
|---|---------------|---|
| Allotted, called-up and fully-paid<br>100 ordinary shares of £1 each. | -             | -   |

### 11. Reserves

|                          | 2016<br>£'000 | 2015<br>18mth period<br>(restated, see<br>note 13)<br>£'000 |
|--------------------------|---------------|---|
| Reserves Brought forward | 537           | -   |
| Loss for year/period     | 733           | 537   |
| Capital Contribution     | (89)          | (86)  |
| <b>Reserves</b>          | <u>1,180</u>  | <u>451</u>  |



# Manchester Life Development Company Limited

## Notes to the financial statements (continued)

For the year ended 31 May 2016

### 11. Reserves (continued)

The capital contribution is a result of the interest free parent loan. The present value of the future cashflows has been calculated, with the difference between this and the cash amounts received being recorded as capital contribution from the parent; in line with FRS102.11.13.

### 12. Cash flow statement

*Reconciliation of operating loss to cash generated by operations:*

|  | 2016<br>£'000 | 2015<br>18mth period<br>(restated, see<br>note 13)<br>£'000 |
|--|---------------|---|
| Operating loss and operating cash outflow before movement in working capital | (644)         | (522)   |
| Decrease/ (increase) in amounts recoverable from related parties             | 735           | (1,822)   |
| Decrease/ (increase) in debtors  | 59            | (165)   |
| (Decrease)/ increase in creditors  | 1,410         | 1,265   |
| Cash inflow/ (outflow) generated by operations                               | <u>1,560</u>  | <u>(1,244)</u>  |

### Non cash transactions

The interest charge of £89,000 (2015 restated - £15,000) is a non-cash flow item, included in the financial statements under FRS102.

### 13. Prior period adjustment

The prior period comparatives have been restated to reflect the circumstances that existed as at the balance sheet date with regards to the interest free related party loans and the application of FRS 102 section 11. The below table summarises the impact for each financial statement line affected;

|  | 2015<br>previously<br>reported<br>£'000 | Adjustment<br>£'000 | 2015<br>restated<br>£'000 |
|--|---|---------------------|---------------------------|
| <b>Profit and loss account</b>                           |   |                     |                           |
| Interest on related party loan                           | (109)                                   | 94                  | (15)                      |
| Loss on ordinary activities before taxation              | (631)                                   | 94                  | (537)                     |
| Loss for the financial year                              | (631)                                   | 94                  | (537)                     |
| <b>Balance sheet</b>                                     |   |                     |                           |
| Creditors - amounts falling due after more than one year | (2,580)                                 | 180                 | (2,400)                   |
| Net Liabilities  | (631)                                   | 180                 | (451)                     |
| Equity- Capital contribution                             | -                                       | 86                  | 86                        |
| Equity- profit and loss                                  | (631)                                   | 94                  | (537)                     |
| Shareholders' deficit                                    | (631)                                   | 180                 | (451)                     |

# **Manchester Life Development Company Limited**

## **Notes to the financial statements (continued)**

For the year ended 31 May 2016

### **14. Subsequent events**

Since 1 June 2016 Manchester Life Development Company Limited (MLDCL) has succeeded in obtaining planning permission for the fifth Phase One scheme: Blossom Iron (to be known as Smith's Yard). In June 2016 MLDCL submitted the planning application for the final Phase One scheme, Glass (to be known as Weavers Quay). In August 2016 MLDCL entered into an enabling contract for Chalk (to be known as One Cutting Room Square) with Eric Wright Construction Ltd. In August 2016 MLDCL entered into an enabling contract for Blossom Iron John Sisk and Son Ltd. In October 2016 MLDC agreed Sisk to be appointed as the contractor for the Blossom Iron Scheme.

### **15. Related party transactions**

The entity is funded by intra company loans from Loom Holdings Limited. The carrying value of that loan is disclosed in note 9 and is repayable on 31 December 2019. Under FRS102, interest has been imputed on this loan at a rate of 3.44% (2015 – 2.94%), the charge for the year is £89,000 (2015 restated - £15,000). Due to the loan agreement incorporating no interest, the imputed amount in the Profit and Loss account is not an intercompany transaction.

Manchester Life Development Company receives all of its revenue either from recharged subcontractor costs and the management fee, under the Pre Construction Services Agreements with related parties. In the year £1,087,000 (2015 – £1,822,000) was accrued from Loom Cotton Developments Ltd, Silk Glass Developments Ltd, Flour Developments Ltd, Blossom Iron Developments Ltd and Glass Developments Ltd.

### **16. Controlling party**

The company is a Joint Venture between Loom Holding Limited and Manchester City Council. Manchester City Council hold 49% whereas Loom Holding Limited holds 51%. The Directors consider Loom Holdings Limited (in virtue of their shareholding) to have a controlling interest. The largest and smallest group in which these accounts are consolidated is that of Abu Dubai United Group. The ultimate controlling party is determined to be Abu Dubai United Group.