

# **Manchester Life Development Company Limited**

## **Annual report and financial statements for the year ended 31 May 2019**

Registered number: 08800093



# **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 2019. The Company's registered address is Unit 5, Royal Mills, 17 Redhill St, Manchester, M4 5BA.

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption, and the strategic report exemption has been taken, in accordance with the special provisions relating to small companies 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') and the Design and Build Contracts ('D&B') in respect of six Phase One projects in the Manchester Life initiative.

All PCSA and D&B contracts are with related party entities based in Jersey. Under the terms of the PCSA the Company is entitled to recover all professional fees, site protection costs, statutory applications and office set up costs. The Company receives a fee based upon a percentage of such costs incurred.

Under the D&B contracts the Company receives a development management fee which varies according to the scope of services provided.

### **Business review**

The 2019 financial year was a satisfactory year for Manchester Life Development Company Limited. During the year two of the six Phase One buildings were completed, two of the buildings had completed the prior year, construction is nearing completion on the remaining two projects.

The annual result showed a profit after tax of £11,000 (2018: £887,000). As a result of the profit for the year, the Company is in a net asset position of £747,000 (2018: net asset of £737,000).

As expected, the trend of the prior year (the significant level of construction activity generated increased turnover for the Company) has reversed as the Company has finished four buildings with only two more still in construction, both of which have completed prior to signing the accounts. The results for the year are in line with forecasts and expectations. The directors expect the Companies activities in the next financial year to be more limited, given the small amount of construction work outstanding at the year end.

On the 29 March 2017, the United Kingdom invoked Article 50 of the Treaty of Lisbon, beginning the process of withdrawing from the European Union. Final accounts have been settled on all six projects prior to 31<sup>st</sup> January 2020, the directors expect there to be no financial impact as a result of the United Kingdom's departure from the European Union.

### **Future developments**

Since 1 June 2019 the last build for rent building of Phase One has been completed and also the last building for sale has completed, taking the number of completed homes to 1,015 and bringing Phase One to a conclusion. The Company will have no involvement in any future Manchester Life initiatives.

# **Manchester Life Development Company Limited**

## **Directors' report (continued)**

### **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 note 1 in 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.

#### ***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.

#### ***Liquidity risk***

The company has no third party debt and settles all trade creditors within one month. The directors believe there are no material liquidity issue

### **Dividends**

The directors have not recommended a dividend (2018: did not recommend a dividend).

### **Directors**

The directors, who served throughout the year and up to the date of signing, were as follows:

Ali Ahmed Abd-Al Mouhsen Alfrayhat

Martin Lee Edelman

Sir Richard Charles Leese

Edward Ashley Lote Smith

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.

## **Manchester Life Development Company Limited**

### **Directors' report (continued)**

#### **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 board meeting.

Approved by the Board and signed on its behalf by:



Martin Lee Edelman

Director

27 February 2020

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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.

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

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements of Manchester Life Development Company Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 May 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

### **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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

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

### **Other information**

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

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

### **Responsibilities of directors**

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, 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's responsibilities for the audit of the financial statements**

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

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

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

## **Report on other legal and regulatory requirements**

### **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 has been prepared in accordance with applicable legal requirements.

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 any material misstatements in the directors' report.

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

### **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.



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

28 February 2020



# Manchester Life Development Company Limited

## Profit and loss account

For the year ended 31 May 2019

	Note	2019 £'000	2018 £'000
Turnover	3	768	1,955
Cost of sales		-	-
<b>Gross profit</b>		<b>768</b>	<b>1,955</b>
Administrative expenses		(746)	(854)
<b>Operating profit</b>		<b>22</b>	<b>1,101</b>
Finance costs		(7)	(4)
<b>Profit before taxation</b>	4	<b>15</b>	<b>1,097</b>
Tax on profit	6	(5)	(210)
<b>Profit for the financial year</b>		<b>10</b>	<b>887</b>

All activities relate to continuing operations.

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

## Manchester Life Development Company Limited

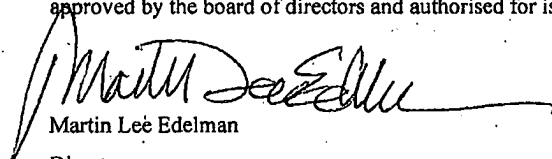
### Balance sheet

As at 31 May 2019

	Note	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Tangible assets	7	23	33
<b>Current assets</b>			
Amounts receivable from related parties	8	3,161	10,058
Debtors	9	72	-
Cash and cash equivalents	10	268	3,051
		<u>3,501</u>	<u>13,109</u>
<b>Creditors: Amounts falling due within one year</b>	11	<u>(2,777)</u>	<u>(12,399)</u>
<b>Net current assets</b>		<u>724</u>	<u>710</u>
<b>Total assets less current liabilities</b>		<u>747</u>	<u>743</u>
Provisions for liabilities	12	-	(6)
<b>Net assets/(liabilities)</b>		<u>747</u>	<u>737</u>
<b>Capital and reserves</b>			
Called-up share capital	14	-	-
Profit and loss account		<u>747</u>	<u>737</u>
<b>Shareholders' equity</b>		<u>747</u>	<u>737</u>

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 27 February 2020. They were signed on its behalf by:

  
 Martin Lee Edelman  
 Director

## Manchester Life Development Company Limited

### Statement of changes in equity For the year ended 31 May 2019

	Called-up share capital £'000	Profit and loss account £'000	Total £'000
<b>Balance as at 1 June 2017</b>	-	(150)	(150)
Recorded profit for the year	-	887	887
<b>Total comprehensive income</b>	-	887	887
<b>At 31 May 2018</b>	-	737	737
Recorded profit for the year	-	10	10
<b>Total comprehensive income</b>	-	10	10
<b>At 31 May 2019</b>	-	747	747

# Manchester Life Development Company Limited

## Notes to the financial statements

For the year ended 31 May 2019

### 1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding year.

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

Manchester Life Development Company Limited is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is shown on page 2. The nature of the Company's operations and its principal activities are set out in the directors' report on pages 2 and 3.

The financial statements have been prepared under the historical cost convention in accordance with Section 1A of Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council. As such, exemptions have been taken in respect of presenting a cash flow statement and financial instruments note.

The functional and presentational 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.

During the current or prior year the directors do not consider there to have been any sources of estimation uncertainty or significant judgements that are significant enough to warrant disclosure.

#### 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 (Abu Dhabi United Group) 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. Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold property	25% per annum
Office equipment	50% per annum
Furniture and fixtures	25% per annum

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

#### d. 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.

# Manchester Life Development Company Limited

## Notes to the financial statements (continued)

For the year ended 31 May 2019

### 1. Accounting policies (continued)

#### e. 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.

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.

#### f. 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.

#### g. Turnover

The Company receives a management fee based on a percentage of all costs incurred under the Pre-Construction Services Agreements and a development management fee under each Design & Build Contract. 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.

# Manchester Life Development Company Limited

## Notes to the financial statements (continued)

For the year ended 31 May 2019

### 1. Accounting policies (continued)

#### h. Financial instruments

Financial assets and financial liabilities are recognised when the Company 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 Company after deducting all of its liabilities.

### 2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### *Critical judgements in applying the Company's accounting policies*

The directors do not consider there to be any significant critical judgements made in the year.

#### *Key source of estimation uncertainty*

The directors do not consider there to be any areas of uncertainty within the accounts as stated and that estimation is therefore not required.

### 3. Turnover

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

### 4. Profit before taxation

Profit before taxation is stated after charging:

	2019 £'000	2018 £'000
Operating lease rentals	22	23
Depreciation	11	8
Auditor's remuneration		
- for the statutory audit of the Company	13	15
- for non-audit services	-	27

The non-audit services related to planning application and support services.

No services were provided pursuant to contingent fee arrangements.

# Manchester Life Development Company Limited

## Notes to the financial statements (continued)

For the year ended 31 May 2019

### 5. Staff numbers and costs

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

The directors receive no remuneration for their services.

### 6. Tax on profit on ordinary activities

The tax charge comprises:

	2019 £'000	2018 £'000
<b>Current tax on profit on ordinary activities</b>		
UK corporation tax	5	204
Adjustments in respect of prior years	6	-
<b>Total current tax</b>	<b>11</b>	<b>204</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(1)	6
Adjustments in respect of prior years	(5)	-
<b>Total deferred tax</b>	<b>(6)</b>	<b>6</b>
<b>Total tax on profit on ordinary activities</b>	<b>5</b>	<b>210</b>

The standard rate of tax applied to the reported profit on ordinary activities is 19%, The Finance Act 2016, which was substantively enacted in September 2016, reduced the rate of corporation tax to 17% with effect from 1 April 2020.

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

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

	2019 £'000	2018 £'000
<b>Profit before tax</b>	<b>15</b>	<b>1,097</b>
<b>Tax on profit at standard UK corporation tax rate of 19% (2018 – 19%)</b>	<b>3</b>	<b>208</b>
<b>Effects of:</b>		
- Expenses not deductible for tax purposes	1	2
- Adjustments in respect of previous periods	6	-
- Adjustments in respect of previous periods (deferred tax)	(5)	-
<b>Total tax charge for year</b>	<b>5</b>	<b>210</b>

# Manchester Life Development Company Limited

## Notes to the financial statements (continued)

For the year ended 31 May 2019

### 7. Fixed assets

	Leasehold Property £'000	Office Equipment £'000	Furniture and Fixtures £'000	Total £'000
<b>Cost</b>				
At 1 June 2018	26	2	13	41
Additions	-	1	-	1
At 31 May 2019	26	3	13	42
<b>Depreciation</b>				
At 1 June 2018	5	1	2	8
Charge for the year	6	1	4	11
At 31 May 2019	11	2	6	19
<b>Net book value</b>				
At 31 May 2019	15	1	7	23
At 31 May 2018	21	1	11	33

### 8. Amounts receivable from related parties

	2019 £'000	2018 £'000
Related party receivables (note 15)	3,161	10,058

Included within related party receivables is £1,879,059 due under construction contracts with related parties. A further £164,603 is in respect of costs incurred awaiting invoicing. The remaining balance relates to a loan to Manchester Life Development Company 2 Limited and an invoice paid on behalf of Loom Holdings 2 Limited. There are no terms associated with the remaining amounts receivable from related parties.

The directors consider the related party receivables to be a financial asset held at amortised cost. The amounts due under construction contracts were settled in June 2019. The receivable against Manchester Life Development Company 2 Limited was settled in July 2019.



# Manchester Life Development Company Limited

## Notes to the financial statements (continued)

For the year ended 31 May 2019

### 9. Debtors

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Trade receivables	42	-
Other debtors	8	-
Prepayments and accrued income	22	-
	<u>72</u>	<u>-</u>

### 10. Cash and cash equivalents

	2019 £'000	2018 £'000
Cash restricted for use (held in escrow)	253	-
Cash	15	3,051
	<u>268</u>	<u>3,051</u>

Cash restricted for use is held in escrow in respect of the two Phase One developments for sale and an additional for sale development on behalf of Manchester Life Development Company 2 Limited.

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

	2019 £'000	2018 £'000
Amounts owed to related parties (note 15)	1,495	7,301
Trade creditors	1,078	4,715
Accruals and deferred income	110	59
Corporation tax	11	204
Other creditors	83	120
	<u>2,777</u>	<u>12,399</u>

The directors consider the related party payables to be a financial liability held at amortised cost.

# Manchester Life Development Company Limited

## Notes to the financial statements (continued)

For the year ended 31 May 2019

### 12. Deferred tax (liability)

Deferred tax is provided as follows:

	2019 £'000	2018 £'000
Balance at 1 June	(6)	-
Credit/(charge) for the year	6	(6)
Balance at 31 May	-	(6)
	2019 £'000	2018 £'000
Fixed asset timing differences	-	(6)

### 13. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2019 £'000	2018 £'000
- within one year	25	25
- between one and five years	75	100
- after five years	-	-
	100	125

### 14. Called-up share capital

	2019 £'000	2018 £'000
Allotted, called-up and fully-paid 100 ordinary shares of £1 each	-	-

## **Manchester Life Development Company Limited**

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

**For the year ended 31 May 2019**

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

The entity is funded by a related party working capital facility from Loom Holdings Limited. The carrying value of that loan is £795,991 (2018: £6,795,991) and is repayable on demand. In the current year the directors consider all related party transactions to be due within one year and hence do not attract imputed interest.

The Company receives the majority of its revenue from recharged subcontractor costs and the management fee, under the PCSA and D&B contracts with related parties. In the current year due to the stage of construction the amounts due from Loom Cotton Developments Limited, Silk Glass Developments Limited, Flour Developments Limited, Blossom Iron Developments Limited and Glass Developments Limited was £2,043,662 (2018: £9,927,012). The Company also owes these entities funds that total £190,790 (2018: £484,486).

Manchester Life Development Company 2 Limited owes the Company £1,114,077 in respect of a loan (2018: £123,043). During the year an amount of £129,000 was paid into escrow by Manchester Life Development Company 2 Limited, these funds are held in the name of the Company, as a result the Company has classified this as a separate related party payable (2018: £nil).

Manchester Life Management Limited is owed £30,610 (2018: £17,065). There is nothing due to the Company from Manchester Life Management Limited (2018: £8,220).

The Company is owed £2,750 (2018: £nil) by Loom Holdings 2 Limited due to fees settled on their behalf.

There is £348,076 payable to Abu Dhabi United Group as a result of a payment received in advance (2018: £3,753).

All related party transaction balances are repayable on demand.

#### **16. Controlling party**

The Company is a Joint Venture between Loom Holdings 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 Dhabi United Group and copies of these consolidated financial statements are available from its service address at Level 14, 014 Tower, Al Abraj Street, Business Bay, PO Box 2268, Dubai, United Arab Emirates. The ultimate controlling party is determined to be Abu Dhabi United Group.