

MA Cutlers Houndsditch 1 Limited

Annual Report and Financial Statements

Year Ended

31 December 2021

Company Number: 11618584



MA Cutlers Houndsditch 1 Limited

Company Information

Directors	J M Blank D B Marks M D Marks R G Selby
Registered number	11618584
Registered office	89 Wardour Street London W1F 0UB

MA Cutlers Houndsditch 1 Limited

Contents

	Page
Directors' Report	1 - 2
Directors' Responsibilities Statement	3
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Notes to the Financial Statements	7 - 15

MA Cutlers Houndsditch 1 Limited

Directors' Report For the Year Ended 31 December 2021

The Directors present their annual report and the unaudited financial statements of MA Cutlers Houndsditch 1 Limited ('the Company') for the year ended 31 December 2021.

The Company was incorporated in England and Wales as a private company limited by shares on 11 October 2018. It is governed by the Companies Act 2006.

In accordance with Section 414 of the Companies Act 2006, the Directors have not prepared a Strategic Report under the provisions of the small companies' exemption.

Principal activity

The principal activity of the Company is holding investments.

Results and dividends

The results for the year are shown in the Statement of Comprehensive Income on page 4.

During the year and through to the date of signing these accounts, the Company paid dividends of £282,460 (2020: £644,676).

The Directors do not recommend the payment of any further dividends.

Directors

The Directors who served during the year and to the date of this report were:

J M Blank
D B Marks
M D Marks
R G Selby
A F S Wright (resigned 15 November 2021)

Financial risk management objectives and policies

The management of the business and the execution of the Company's strategy are subject to a number of risks and uncertainties, particularly market and operational risks. The Company is a member of the Brockton Everlast Inc. Limited group ('the Group'), the parent of which is a limited company incorporated and registered in England and Wales. Further discussions of the risks and uncertainties, in the context of the Group as a whole, are disclosed in the Group's annual report which does not form part of this report.

Future developments

The Company continues to be an intermediate holding company within the Group. The Group continues to appraise real estate investment opportunities, with a particular focus on the workplace in, and around, Greater London.

Going concern

The financial statements have been prepared on the going concern basis. After making enquires and taking into consideration the profit and net current asset position of the Company, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

MA Cutlers Houndsditch 1 Limited

**Directors' Report (continued)
For the Year Ended 31 December 2021**

Directors' indemnities and insurance

The Group has in place contractual entitlements for the Directors of the Company to claim indemnification by the Group for certain liabilities they might incur in the course of their duties. The Group has established these arrangements, which constitute qualifying third-party indemnity provision, in compliance with the relevant provisions of the Companies Act 2006. They include provision for the Company to fund the costs incurred by Directors in defending certain claims against them in relation to their duties. The Group also maintains an appropriate level of Directors' liability insurance in respect of potential legal action against its Directors.

Exemption from audit

The Company is exempt from the requirement of the Companies Act 2006 relating to the audit of individual accounts by virtue of Section 479A of that Act, as disclosed on page 57 of the Brockton Everlast Inc. Limited Annual Report and Financial statements for the year ended 31 December 2021, the immediate parent company. The ultimate controlling party of the Company is considered to be Alony-Hetz Properties & Investments Limited, details of which are disclosed in note 17.

This report was approved by the board on 31 August 2022 and signed on its behalf.



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M D Marks
Director

MA Cutlers Houndsditch 1 Limited

**Directors' Responsibilities Statement
For the Year Ended 31 December 2021**

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 judgments 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 to 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.

MA Cutlers Houndsditch 1 Limited

**Statement of Comprehensive Income
For the Year Ended 31 December 2021**

	Note	2021 £	2020 £
Administrative expenses		(31)	-
Loss on ordinary activities before taxation		(31)	-
Income from investments in associates	6	282,712	762,098
Profit on ordinary activities before taxation	4	282,681	762,098
Taxation	7	-	11,276
Profit and total comprehensive income for the year		282,681	773,374

All results shown in the Statement of Comprehensive Income are from continuing operations.

All profit and total comprehensive income is attributable to the equity holders of the Company.

The notes on pages 7 to 15 form part of these financial statements.

MA Cutlers Houndsditch 1 Limited
Registered number:11618584

Statement of Financial Position
As at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Fixed asset investments	9	22,934,198	19,934,198
		<u>22,934,198</u>	<u>19,934,198</u>
Current assets			
Intercompany loans receivable	10	-	1,436,224
Trade and other receivables	11	1,462,215	-
Cash at bank and in hand		70	-
		<u>1,462,285</u>	<u>1,436,224</u>
Current liabilities			
Trade and other payables	12	(1,462,064)	-
		<u>221</u>	<u>1,436,224</u>
Net current assets			
		<u>22,934,419</u>	<u>21,370,422</u>
Total assets less current liabilities			
		<u>22,934,419</u>	<u>21,370,422</u>
Net assets			
		<u>22,934,419</u>	<u>21,370,422</u>
Equity attributable to equity holders of the Company			
Share capital	13	22,934,198	21,370,422
Retained earnings		221	-
		<u>22,934,419</u>	<u>21,370,422</u>
Total equity			
		<u>22,934,419</u>	<u>21,370,422</u>

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The Company was entitled to exemption from audit under section 479A of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 August 2022.



M D Marks
Director

The notes on pages 7 to 15 form part of these financial statements.

MA Cutlers Houndsditch 1 Limited

**Statement of Changes in Equity
For the Year Ended 31 December 2021**

	Share capital £	Retained earnings £	Total equity £
At 1 January 2021	21,370,422	-	21,370,422
Comprehensive income for the year			
Profit for the year	-	282,681	282,681
Total comprehensive income for the year	-	282,681	282,681
Transaction with owners			
Dividends paid (note 8)	-	(282,460)	(282,460)
Shares issued during the year (note 13)	1,563,776	-	1,563,776
Total transactions with owners	1,563,776	(282,460)	1,281,316
At 31 December 2021	22,934,198	221	22,934,419

**Statement of Changes in Equity
For the Year Ended 31 December 2020**

	Share capital £	Retained earnings £	Total equity £
At 1 January 2020	1	(128,698)	(128,697)
Comprehensive income for the year			
Profit for the year	-	773,374	773,374
Total comprehensive income for the year	-	773,374	773,374
Transaction with owners			
Dividends paid (note 8)	-	(644,676)	(644,676)
Shares issued during the period (note 13)	21,370,421	-	21,370,421
Total transactions with owners	21,370,421	(644,676)	20,725,745
At 31 December 2020	21,370,422	-	21,370,422

The notes on pages 7 to 15 form part of these financial statements.

MA Cutlers Houndsditch 1 Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

1. General information

The Company was incorporated on 11 October 2018 and is domiciled and registered as a limited company in the United Kingdom. The address of its registered office is 89 Wardour Street, London, W1F 0UB.

The nature of the Company's operations and its principal activities are set out in the Directors' report on pages 1 to 2.

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

The group financial statements of Brockton Everlast Inc. Limited are available to the public and can be obtained as set out in note 17.

2. Accounting policies

2.1 Basis of preparation of financial statements

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, certain disclosure requirements in respect of revenue from contracts with customers, impairment of assets, certain related party transactions, and certain disclosure requirements in respect of leases. Where relevant, equivalent disclosures have been given in the group financial statements of Brockton Everlast Inc. Limited.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on the going concern basis. After making enquires and taking into consideration the profit and net current asset position of the Company, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

MA Cutlers Houndsditch 1 Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.3 Adoption of new and revised standards

At the date of authorisation of these financial statements, the following new and revised Standards and Interpretations have been adopted and have not had any significant impact on the amounts reported in these financial statements.

Standards affecting presentation and disclosure:

- Amendments to IFRS 16: COVID-19-Related Rent Concessions; and
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform.

New and revised IFRSs adopted by the United Kingdom that are not mandatorily effective for the year ending 31 December 2021

The following standards and amendments have been adopted by the United Kingdom but are not mandatorily effective for the year ending 31 December 2021. Accordingly, they have not been applied in preparing these financial statements:

- IFRS 17 (including the June 2020 amendments to IFRS 17): Insurance Contracts;
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current;
- Amendments to IFRS 3: Reference to the Conceptual Framework;
- Amendments to IAS 16: Property, Plant and Equipment - Proceeds before Intended Use;
- Amendments to IAS 37: Onerous Contracts - Cost of Fulfilling a Contract;
- Annual Improvements to IFRS Standards 2018-2020 Cycle: Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture;
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies;
- Amendments to IAS 8: Definition of Accounting Estimates; and
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

The Company is continuing to assess the impact of the new standards above and at present is confident that none will have a material impact on the financial statements of the Company.

2.4 Financial assets and liabilities

Financial assets

The Company classifies its financial assets into one of the categories set out below, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

Financial assets that are classified as fair value through profit or loss are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Statement of Comprehensive Income in the finance income or costs line.

MA Cutlers Houndsditch 1 Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

2. Accounting policies (continued)

Financial assets and liabilities (continued)

Financial assets (continued)

Fair value through profit or loss (continued)

The Company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

The Company does not apply hedge accounting.

Amortised cost

The Company's financial assets measured at amortised cost in the Statement of Financial Position may comprise intercompany loan receivables, trade and other receivables and cash and cash equivalents.

For these financial assets the objective is to hold the assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest method, less provision for impairment. Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

Impairment provisions for receivables are recognised based on an assessment of the recoverability of the individual balances. In determining the expected credit losses for these assets, the directors of the Company have taken into account the historical default experience and the financial position of the counterparties in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

Cash and cash equivalents includes cash in hand and deposits held at call with banks.

Financial liabilities

The Company classifies its financial liabilities as 'other financial liabilities'. The Company's accounting policy for other financial liabilities is outlined below.

Other financial liabilities include the following items:

- Other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

MA Cutlers Houndsditch 1 Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.5 Current and deferred taxation

Tax is recognised in the Statement of Comprehensive Income except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all temporary differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Deferred tax balances are not recognised where they relate to temporary differences in respect of interests in subsidiaries, associates, branches and joint ventures, the Company can control the reversal of the temporary differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.6 Associates and joint ventures

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates are accounted for at cost less, where appropriate, provisions for impairment.

2.7 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

There are no particular critical accounting estimates and judgements involved in the preparation of the financial statements.

MA Cutlers Houndsditch 1 Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

4. Profit on ordinary activities before taxation

Fees payable to the Company's auditor for the audit of the Company's financial statements were £nil (2020: £6,804). The cost of the audit of the Company's financial statements for the prior year was incurred by Brockton Everlast Inc. Limited.

5. Staff costs

The Company has no employees other than the Directors, who did not receive any remuneration (2020: £Nil) during the year. The average number of Directors during the year was five (2020: five).

6. Income from investments in associates

	2021 £	2020 £
Distributions received from investments in associates	<u>282,712</u>	<u>762,098</u>

7. Taxation

	2021 £	2020 £
Deferred tax		
Origination and reversal of temporary differences	-	(11,276)
Total deferred tax	<u>-</u>	<u>(11,276)</u>

MA Cutlers Houndsditch 1 Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

7. Taxation (continued)

Factors affecting tax charge for the year

The tax on the Company's profit differs from the theoretical amount that would arise using the weighted average tax rate applicable to the profits of the Company as follows:

	2021 £	2020 £
Profit on ordinary activities before taxation	282,681	762,098
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	53,709	144,799
Effects of:		
Permanent differences	(12,935)	(14,142)
Temporary differences	-	(11,276)
Investment in tax transparent entities	40,713	(47,957)
Group relief claimed from fellow subsidiaries	-	(10,857)
REIT exempt property rental profits	(81,487)	(71,843)
Total tax charge / (credit) for the year	-	(11,276)

From 1 April 2023 the corporation tax main rate will be increased to 25% applying to profits over £250,000. This is not anticipated to have a material impact on the Company's results.

8. Dividends

	2021 £	2020 £
Dividend paid	282,460	644,676
	282,460	644,676

During the year, the Company paid dividends of £282,460 (2020: £644,676) to BE Midco Limited amounting to £0.0132 (2020: £644,676) per ordinary share in issue.

MA Cutlers Houndsditch 1 Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

9. Fixed asset investments

	Investment in associates £
At cost	
At 1 January 2021	19,934,198
Additions	3,000,000
At 31 December 2021	22,934,198

Associate

The following was an associate of the Company:

Name	Registered office	Principal activity	Holding
Cutlers Houndsditch Unit Trust	IFC 1, The Esplanade, St Helier, Jersey, JE1 5BP	Property investment	50%

On 13 March 2019, the Company acquired 318,670.11 units of Cutlers Houndsditch Unit Trust ('CHUT'), a Jersey registered unit trust, for a consideration of £25,621,273. In the same year, CHUT made a capital distribution of £8,160,499.78 by way of redemption of 284,394.464 units. During the year ended 31 December 2020, the Company subscribed for a further 36,930.209 units in CHUT for a total consideration of £2,473,424.50.

During the year, the Company subscribed for 4,376.7229 units in CHUT for a total consideration of £3,000,000.

10. Intercompany loan receivable

			2021 £	2020 £
	Interest rate	Maturity date		
£22,000,000 Intercompany loan	0%	Payable on demand	-	1,436,224

On 14 March 2019, the Company entered into a loan agreement with its associate, Cutlers Houndsditch Unit Trust, based on the terms disclosed above. During the year, the loan was fully repaid.

MA Cutlers Houndsditch 1 Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

11. Trade and other receivables

	2021	2020
	£	£
Amounts due from group undertakings	1,462,215	-

Included in amounts due from group undertakings is a balance of £1,462,215 (2020: £Nil) due from BE Midco Limited, the immediate parent company.

Amounts due from group undertakings are unsecured, interest free and are repayable on demand.

12. Trade and other payables

	2021	2020
	£	£
Amounts owed to group undertakings	1,462,064	-

Included in amounts due to group undertakings is a balance of £1,462,064 (2020: £Nil) due to Cutlers Houndsditch Unit Trust.

Amounts due to group undertakings are unsecured, interest free and are repayable on demand.

13. Share capital

	2021	2020
	£	£
Allotted, called up and fully paid		
22,934,198 (2020: 21,370,422) ordinary shares of £1 each	22,934,198	21,370,422

On 11 October 2018, the date of incorporation, the Company issued one ordinary share of £1 at par to BE Midco Limited, the immediate parent company. On 30 December 2020, the Company issued 21,370,421 ordinary shares of £1 each for total consideration of £21,370,421.

On 8 December 2021, the Company issued 1,563,776 ordinary shares of £1 each for total consideration of £1,563,776.

14. Reserves

A description of the Company's reserves is as follows:

The share capital reserve represents the nominal value of the shares issued.

The retained earnings reserve represents cumulative profit and losses, net of dividends paid and other adjustments.

MA Cutlers Houndsditch 1 Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

15. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Directors monitor capital on the basis of the net assets attributable to the owners of the parent.

16. Related party transactions

Transactions and balances with related parties during the period and as at the Statement of Financial Position date, respectively, have been disclosed in notes 6, 8, 9, 10, 11, 12 and 13.

17. Ultimate parent undertaking and controlling party

BE Midco Limited, a limited company registered in England and Wales, is the immediate parent and sole owner of the issued share capital of the Company.

The ultimate controlling party of the Company is considered to be Alony-Hetz Properties & Investments Limited, which is listed on the Tel-Aviv Stock Exchange and is incorporated and domiciled in Israel (registration number 520038506).

The parent undertaking of the largest group, which includes the Company and for which group financial statements are prepared, is Alony-Hetz Properties & Investments Limited. The parent undertaking of the smallest such group is Brockton Everlast Inc. Limited. Copies of the group financial statements of Brockton Everlast Inc. Limited are available at 89 Wardour Street, London, W1F 0UB, the Group's registered office. Copies of the group financial statements of Alony-Hetz Properties & Investments Limited are publicly available from that company's website.