MTR Property Development Management (UK) Limited

Directors' report and financial statements

Registered number - 12820016

31 December 2022



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Strategic Report

The Directors present their Strategic report for the period ended 31st December 2022.

Principal activities

MTR Property Development Management (UK) Limited is a 100% subsidiary of MTR Corporation (UK) Limited which is a 100% owned subsidiary of MTR Corporation Limited, a Hong Kong registered company that is recognised as one of the world's leading railway operators, with a successful rail transport and property development model.

MTR Property Development Management (UK) Limited was incorporated on 18 August 2020. The company has been setup to provide development management services on MTR's property development projects in the UK. These are provided by utilising resources from MTR Corporation's UK permanent establishment. One such project is the redevelopment of Liverpool Street Station in central London, where in 2020 MTR formed a joint venture partnership with Sellar Property Group, Mersey 1 Limited. The project is expected to take place over the next few years.

Business review

The key financial highlights and performance indicators are:-	**2022 £s**	**17 months to 31 December 2021 £s**
Profit after taxation	145,836	14,156

The total profit for the year consisted primarily of income for the provision of development management services to Mersey 1 Limited. As at 31 December 2022, there was a net assets balance of £160,092.

Principal risks and uncertainties

MTR Property Development Management (UK) Limited is expected to receive management fee income in return for the services Mersey 1 Limited receives from MTR at each stage of the planning, construction and asset management of the project. As a result the principal risk to MTR Property Development Management (UK) Limited is directly tied to the successes of the redevelopment project at Liverpool Street Station.

Future developments

Mersey 1 Limited submitted a planning application for the redevelopment project at Liverpool Street Station in April 2023. In the 12 months after the reporting period, Mersey 1 Limited will work with the authorities to respond to queries in respect of the planning application, and progress with other aspects of the redevelopment project. MTR Property Development Management (UK) Limited will continue to provide services to Mersey 1 Limited and receive management fee income.



Andrew King
Director

Providence House,
Providence Place,
Islington,
London N1 0NT
25 September 2023

Directors' report

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

The following information has been disclosed in the Strategic Report:

- Principal activities
- Business review
- Principal risks and uncertainties

Dividend

During the period the directors did not propose a dividend (17 month period ending 31 December 2021 £nil) proposed and paid to its parent MTR Corporation (UK) Limited.

Directors and directors' interests

The directors who held office during the period were as follows:

Andrew King
Gillian Meller (resigned on 31 Jan 2022)
Stephen Murphy (appointed on 1 Feb 2022)

None of the directors who held office at the end of the financial period had any disclosable interest in the shares of the Company.

Political and charitable contributions

The Company made no political or charitable contributions during the period (17 month period ending 31 December 2021 £nil).

Going Concern

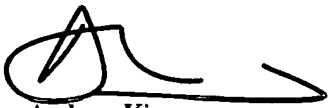
The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the reasons set out in note 1.

Disclosure of information to auditor

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

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be appointed and KPMG LLP will therefore take up office.



Andrew King
Director

Providence House,
Providence Place,
Islington,
London N1 0NT
25 September 2023

Statement Of Directors' Responsibilities In Respect Of The Strategic Report, The Directors' Report And The Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report To The Members Of MTR Property Development Management (UK) Limited

Opinion

We have audited the financial statements of MTR Property Development Management (UK) Limited ("the Company") for the year ended 31 December 2022 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance sheet, Statement of changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.

- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue, which relates to management and consultancy services provided to other related entities, is not complex or judgmental.

We did not identify any additional fraud risks.

We performed procedures including agreeing all accounting entries in the period to supporting documentation.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and others management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Ashley Rees

Ashley Rees (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

26 September 2023

Profit and Loss Account and Other Comprehensive Income

For the period to 31 December

	Note	**2022**	**17 months to 31 December 2021**
		£	**£**
Turnover	*2*	**180,000**	**17,500**
Other operating expenditure		(375)	-
Operating profit	*3*	**179,625**	**17,500**
Interest income		396	-
Profit before taxation		**180,021**	**17,500**
Tax	*5*	(34,185)	(3,344)
Profit for the period and total comprehensive income		**145,836**	**14,156**

There are no items of other comprehensive income for the period, hence no statement of other comprehensive income is provided.

Notes on pages 12-15 form a part of these financial statements

Balance sheet
at 31 December

	Note	2022 £	2022 £	2021 £	2021 £
Current assets					
Debtors	6	100		17,600	
Cash		206,521		-	
Creditors: amounts falling due within one year	7	**(46,529)**		**(3,344)**	
Net current assets			**160,092**		**14,256**
Net assets			**160,092**		**14,256**
Capital and reserves					
Called up share capital	*8*		**100**		**100**
Profit and loss account	*2*		**159,992**		**14,156**
Shareholders' funds			**160,092**		**14,256**

Notes on pages 12-15 form a part of these financial statements

These financial statements were approved by the board of directors on 25 September 2023 and were signed on its behalf by:

Andrew King
Director

Statement of changes in equity

As at 31st December

	Share Capital	Retained Earnings	Totals
	£	£	£
Balance at 18 August 2020	100	-	100
Profit for the period	-	14,156	14,156
Balance at 31 December 2021	**100**	**14,156**	**14,256**
Profit for the period	-	145,836	145,836
Balance at 31 December 2022	**100**	**159,992**	**160,092**

The accompanying notes on pages 12-15 form part of the financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The Company is a private company incorporated and domiciled in the UK. The registered number is 12820016 and the registered address is Providence House, Providence Place, Islington, London, United Kingdom, N1 0NT. The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101")

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The consolidated financial statements of MTR Corporation Limited can be obtained from the address given in note 10.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

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

Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons.

As at 31 December 2022, the company, which commenced trading in 2021, had net assets and net current assets of £160k (2021: £14k), cash and cash equivalents of £207k (2021: £nil), and profit after tax for the year then ended of £146k (2021: £14k). The company's current net asset position demonstrates that it has sufficient liquidity to enable the company to meet its financial obligations as they fall due for at least 12 months from the date of approval of these financial statements.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Turnover

The turnover shown in the income statement represents fixed revenue earned from provision of property development management services (the performance obligation). In fulfilling this performance obligation, resources from MTR Corporation's UK permanent establishment are utilised. This performance obligation is satisfied over time and revenue is recognised evenly over the contract period on the basis that it has not been possible to allocate the utilisation

of resources from MTR Corporation's UK permanent establishment on a project by project basis. The recognition of revenue evenly is deemed appropriate and reflected of the inputs required to deliver the obligation.

Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and 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 income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in countries where the Company operates and generate income.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determine able payments that are not quoted in an active market. Receivables are recognised initially at fair value. They are subsequently measured are amortised costs using the effective interest method, less provision for impairment. Given the nature of receivables, and the short time involved between their origination and settlement, the amortised cost is a reasonable approximation of fair value.

Trade and other payables

Other payables and accrued expenses are financial liabilities with fixed and determinable payments that are not quoted in any active markets. Other payables and accrued expenses are recognised initially at fair value less transaction costs, if any. These are subsequently measured at amortised costs using the effective interest method. Given the nature of payables and the short time involved between the origination and settlement, their amortised cost is the same as their fair value.

Critical accounting estimates and judgements in applying accounting policies

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.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. At the reporting date, there are no significant judgements and estimates applied to these financial statements.

2 Turnover

The turnover of £180,000 (17 month period ending 31 December 2021: £17,500) relates to the provision of property development management services to Mersey 1 Limited during the planning phase.

3 Notes to the profit and loss account

Fees paid to the company's auditors, KPMG LLP, in respect of the audit of these financial statements amounted to £15,000 (2021: £4,500). The audit fees are borne by the ultimate parent group company.

4 Staff numbers

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

	Number of employees	
	2022	17 months to 31 December 2021
Directors	2	2

There are no employees other than the directors, who do not receive remuneration from the Company for qualifying services performed for this Company.

5 Taxation

The tax charge in the current period is £34,185 (2021 £3,344) as explained below.

Current tax reconciliation	2022 £	17 months to 31 December 2021 £
Profit on ordinary activities before tax	**180,021**	**17,500**
Current tax at 19% (2021: 19%)	**34,204**	**3,344**
Group relief payable	1,654	-
Effects of:		
Adjustments to tax charge in respect of previous periods	(1,673)	-
Total current tax charge	**34,185**	**3,344**

In the 3 March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. The change in rate was substantively enacted in May 2021.

6 Debtors

	2022 £	2021 £
Amounts owed by related parties	-	17,500
Amounts owed by group undertakings	100	100
	100	**17,600**

The carrying value of debtors is considered approximate to fair value.

7 Creditors: amounts falling due within one year

	2022 £	2021 £
Amounts owed to group undertakings	1,654	-
VAT Payable	9,000	-
Other creditors	35,875	3,344
	46,529	**3,344**

The carrying value of creditors is considered approximate to fair value.

8 Called up share capital

	2022 £	2021 £
Authorised		
100 Ordinary shares of £1 each	**100**	**100**
Allotted, called up and fully paid		
1 Ordinary shares of £1 each	**1**	**1**

9 Related party transactions

For the year ending 31 December 2022, £180,000 (17 month period ending 31 December 2021: £17,500) was recognised as income from Mersey 1 Limited for provision of property development management services. MTR Corporation (UK) Limited, who owns 100% of MTR Property Development Management (UK) Limited, also owns 50% of Mersey 1 Limited. The amount was fully settled during 2022 by Mersey 1 Limited.

There are no other related party transactions as the company is not required to report details of group transactions because it is a subsidiary included in the consolidated accounts of MTR Corporation Limited.

10 Ultimate parent company and parent undertaking of larger group of which the company is a member

The Company is a subsidiary undertaking of MTR Corporation (UK) Limited. The ultimate controlling party is MTR Corporation Limited, incorporated in Hong Kong.

The group in which the results of the Company are consolidated is that headed by MTR Corporation Limited. The consolidated financial statements of these groups are available to the public and may be obtained from MTR Headquarters Building, Telford Plaza, 33 Wai Yip Street, Kowloon Bay, Hong Kong.

11 Post balance sheet events

There were no material events after the end of the reporting period.