AMTD London Development Co Limited

Annual report and audited financial statements

For the year ended 31 March 2018

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Company Number: 09016974 (England and Wales)

AMTD London Development Co Limited

Annual report and financial statements
for the year ended 31 March 2018

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AMTD London Development Co Limited

Company Directory

Directors
Md Rijaluddin Bin Mohd Salleh
Kim Siew Tee
Nik Faeruz Binti Nik Hussain (appointed 9 February 2018)

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3rd Floor
11-12 St. James's Square
London
SW1Y 4LB

Company Incorporated and Registered in United Kingdom under company number 09016974 (England and Wales)

Company Secretary
Jordan Cosec Limited
First Floor Templeback
10 Temple Back
Bristol
United Kingdom
BS1 6FL

Company Accountants
CBRE Limited
70 Wellington Street
Glasgow
G2 6UA

Auditor
BDO LLP
Citypoint
65 Haymarket Terrace
Edinburgh
EH12 5HD

AMTD London Development Co Limited

Strategic Report

The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Background

The Company was formed on 29 April 2014 with the intent of its primary business function being to project manage and construct property on behalf of its customers. The Company had, on 20 June 2017, entered into a development management services agreement with AlloyMtd (Jersey) Limited, AMJ Resi 1 Limited, AMJ Resi II Limited, AMJ Properties 1 Limited, AMJ Properties II Limited and AMJ Properties III Limited for the delivery of One Crown Place Project (the "Project"). Located between the City of London and the neighbourhoods of Shoreditch and Spitalfields, One Crown Place Project is a mixed-use development comprising residential, office, hotel & clubhouse and retail.

Ownership

Throughout the year, the Company was a wholly-owned subsidiary of MTD One C Place Sdn Bhd. The ultimate parent and controlling party throughout the period was Tan Sir Dr. Nik Hussian bin Abdul Rahman.

Business review

The Company began trading and commenced the Project on 2 June 2017. During the initial period of the development of the mixed-use property, one of the Company's main focuses was on the package procurement exercise. Through the package procurement exercise, the Company was able to obtain cost certainty on many agreed package prices and further cost awareness from the tenders returned from the market prior to appointing a main contractor in March 2018, whilst progressing the early site basement works and de-risking the site. The incoming main contractor has retrospective responsibility for these works.

The robust strategy adopted meant that that those packages that form the critical path of the Project until the end of 2018 were secured, representing 66% cost certainty with tenders returned on the remaining 30% of the value. This also meant considerable cost commitment to secure steel, glass, aluminium and other materials including appointment of a tier one contractor in a difficult market. With the completion of piling and capping, the key construction risks have been reduced or mitigated, thus increasing our rigour in appointing a main contractor for the Project.

The appointment of a main contractor for the Project was deemed appropriate given the mixed-use nature of the development and the necessity for construction contracts to be routed through a single company for practical purposes. It provides a single point of responsibility for the new build elements to complete this large and complex project with differing uses.

The Company will continue to maintain and build on the strengths, commitments and professionalism of the project development and management teams, consultants, main contractor and sub-contractors and suppliers. The focus now shifts to the delivery of the Project with emphasis on time, quality, cost and health and safety requirements. The delivery date of the Project is February 2021.

Performance

The Directors have been provided with benchmark studies on the construction costs at each design stage to similar high rise Central London projects. The construction costs are benchmarked by total cost and for each building element on a £ per square foot basis. Main contractor costs including Preliminaries, Profit and Risk are all benchmarked on a % basis of the Net Trade cost. The Project benchmarks are towards the upper end of comparable projects but this is to be expected due to the specification required to facilitate the current sales values, and the complex structural requirements required to facilitate residential units over prime City Office space. It is the Directors' opinion that the construction costs secured with the main contractor represent a competitive price and good value in the current market.

Results and dividends
2018 results

As will be seen from the Statement of Profit or Loss and Other Comprehensive Income within the attached financial statements, the Company made a profit before taxation in the period of £231,857 (2017: £Nil). The Directors do not recommend payment of a dividend (2017: £Nil).

Principal risks and uncertainties
The Company is exposed to financial risk through its assets and liabilities. The most important components of financial risk are interest rate risk, currency risk, liquidity risk and credit risk.

Due to the nature of the Company's business and the assets and liabilities contained within the Company's Statement of Financial Position, the Directors consider that all financial risks except interest risk are relevant to the Company.

Currency risk
The Company is exposed to currency risk to the extent that there is a mismatch between currencies in which sales and purchases are denominated and the respective functional currency of the Company. The Company's policy is to ensure that its net exposure is kept to an acceptable level by settling foreign currency invoices swiftly.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial commitments as they fall due. The Company expects to meet its financial obligations through operating cashflows. In the event that the operating cashflows would not cover all the financial obligations of the Company, it seeks to reduce liquidity risk by way of loans from related parties.

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade receivables from customers. The Company's risk of receivables from its customers is apparent as each of the customers are related parties to each of the other customers The Directors have a credit policy in place and the exposure to credit risk is monitored on an on-going basis.

By order of the board

Kim Siew Tee

Date

14 December 2018

AMTD London Development Co Limited

Report of the Directors

The Directors have pleasure in presenting their report and the financial statements of AMTD London Development Co Limited ("the Company") for the year ended 31 March 2018. Certain matters have been dealt with in the Strategic Report and are not repeated here.

The Company's financial statements for the year ended 31 March 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Directors holding office during the year and through to the date of signing of this report are:

Md Rijaluddin Bin Mohd Salleh
Siew Chaing Tan (resigned 9 February 2018)
Kim Siew Tee
Nik Faeruz Binti Nik Hussain (appointed 9 February 2018)

Independent auditor
The auditors, BDO LLP were appointed on 9th April 2018.

Statement of Directors' responsibilities
The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

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 its profit or loss for that year. 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue the business; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The financial statements on pages 8 to 11 were approved by the Board on 12 November 2018.

The Directors confirm they have complied with all the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records, which 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 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.
By order of the board

Kim Siew Tee

Director

Date

14 December 2018

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF AMTD LONDON DEVELOPMENT CO LIMITED

Opinion

We have audited the financial statements of AMTD London Development Co Limited ("the Company") for the year ended 31 March 2018 which comprise the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the 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.

Other matter

The corresponding figures for the year ended 31 March 2017 are unaudited.

Other information

The Directors are responsible for the other information. The other information comprises the Strategic report and the Directors' report. 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 this regard.

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 Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic and Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic and Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of Directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities, 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 at the Financial Reporting Council's website at:
https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Alastair Rae (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Edinburgh, United Kingdom
Date 19 December 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

AMTD London Development Co Limited

Statement of profit or loss and other comprehensive income
for the year ended 31 March 2018

Continuing operations	Notes	Audited 2018 £	Unaudited 2017 £
Revenue	4	39,294,821	-
Cost of sales		(38,303,617)	-
Gross profit		991,204	-
Administrative expenses	6	(759,490)	-
Operating profit	5	231,714	
Finance income	8	143	-
Net finance income		143	-
Profit before taxation		231,857	-
Taxation	9	(44,053)	-
Profit for the year		187,804	-
Total comprehensive income for the year		187,804	-

The notes on pages 12 to 23 form part of these financial statements.

AMTD London Development Co Limited

Statement of financial position
for the year ended 31 March 2018

	Notes	Audited 2018 £	Unaudited 2017 £
Assets			
Current assets			
Trade and other receivables	10	11,482,390	1
Cash and cash equivalents	11	251,581	-
Non-current assets			
Trade and other receivables	10	160,702	-
Total assets		11,894,673	1
Liabilities			
Current liabilities			
Trade and other payables	12	11,546,166	-
Non-current liabilities			
Trade and other payables	12	160,702	-
Total liabilities		11,706,868	-
Net assets		187,805	1
Equity			
Share capital	13	1	1
Retained profits		187,804	-
Total equity		187,805	1

The consolidated financial statements for AMTD London Development Co Limited, registered number 09016974 were approved on behalf of the Board of Directors and authorised for issue on 12 November 2018.

Tee Kim Siew

Kim Siew Tee
Director

14 December 2018

The notes on pages 12 to 23 form part of these financial statements.

AMTD London Development Co Limited

Statement of changes in equity
for the year ended 31 March 2018

	Accumulated losses £	Share capital £	Total equity £
As at 31 March 2016 (unaudited)	-	1	1
As at 31 March 2017 (unaudited)	-	1	1
Total comprehensive profit for the year	187,804	-	187,804
As at 31 March 2018 (audited)	187,804	1	187,805

The notes on pages 12 to 23 form part of these financial statements.

AMTD London Development Co Limited

Statement of cashflows
for the year ended 31 March 2018

	Audited 2018 £	Unaudited 2017 £
Cash flows from operating activities		
Profit before taxation	187,804	-
Adjustments for:		
Foreign exchange	(231,709)	-
Taxation	44,053	-
Net financial income	(143)	-
Profit before movements in working capital changes	5	-
Increase in trade and other receivables	(11,643,091)	-
Increase in trade and other payables	11,894,524	-
Net cash inflow from operating activities	251,438	-
Cash flows from investing activities		
Interest received	143	-
Net cash inflow from investing activities	143	-
Net increase in cash and cash equivalents	251,581	-
Cash and cash equivalents at 1 April	-	-
Cash and cash equivalents at 31 March	251,581	-

The notes on pages 12 to 23 form part of these financial statements.

1 Company Information

Date of incorporation
The Company was incorporated in the United Kingdom under the Companies Act 2006 on 29 April 2014.

Principal activity
The principal activity of the Company is construction of commercial and domestic buildings located in the United Kingdom.

2 Basis of preparation

The Company is required by law to prepare financial statements and deliver them to the Registrar of Companies. The Company's financial statements for the year ended 31 March 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and therefore comply with article 4 of the IAS Regulation and with those parts of the Companies Act 2006 that are applicable to companies reporting under IFRS.

The Company has applied all accounting standards and interpretations issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee as adopted by the European Union and effective for accounting periods beginning on 1 January 2017.

The financial statements have been prepared under the historical cost convention. The functional and the presentational currency of the Company is Sterling (£).

3 Principal Accounting Policies

3.1 Adoption of New and Revised Standards

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new standards, interpretations and amendments in the current year:

Amendments to the following standards:

- IAS 7 Disclosure Initiative
- IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses.

The above new and amended standards do not have a material effect on the Company.

IFRS 15 Revenue from Contracts with Customers
In May 2014, the IASB issued IFRS 15, which replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter Transactions Involving Advertising Services. The standard introduces a new revenue recognition model that features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized, regardless of the type of revenue transaction or the industry. The standard's requirements also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. Extensive disclosures are required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates.

3 Principal Accounting Policies *(continued)*

3.1 Adoption of New and Revised Standards *(continued)*

IFRS 15 Revenue from Contracts with Customers (continued)

In April 2016, the IASB issued the amendments to IFRS 15. The amendments provide clarifications of the standard regarding identifying performance obligations, accounting for licenses of intellectual property, and assessing principal versus agent (gross versus net revenue presentation). The amendments include new and amended illustrative examples for each of these areas of the standard being clarified. The amendments also provide additional practical expedients for the transition to the new revenue standard. IFRS 15 and its subsequent amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. As this is the first year of trading the Company has elected to early adopt. There is no financial impact to the Company.

3.2 Accounting Standard not yet adopted by the Company

The following accounting standards, amendments to standards and interpretations have been issued by the IASB but had either not been adopted by the EU or were not yet effective in the EU at 31 March 2018.

Not yet adopted

- IFRS 9 Financial Instruments
- IFRS 16 Leases
- IFRS 17 Insurance Contracts
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to the following standards:
- IAS 28 Long-term Interests in Associates and Joint Ventures
- IAS 40 Transfers of Investment Property
- IFRS 2 Classification and Measurement of Share-based Payment Transactions
- IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- IFRS 9 Prepayment Features with Negative Compensation
- Improvements to IFRSs (2014–2016)
- Improvements to IFRSs (2015–2017).

The standards, amendments and interpretations have not been applied in preparing these financial statements. The Directors do not expect these to have a material quantitative effect and have decided not to adopt any of the standards, amendments or interpretations early.

3.3 Foreign currency transactions

Transactions in foreign currencies are translated into Sterling at the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of profit or loss and other comprehensive income.

3.4 Financial instruments

Financial assets and financial liabilities are recognised on the Company's Statement of financial position when the Company becomes a party to the contractual provisions of the instrument. The Company offsets financial assets and financial liabilities if the Company has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis.

3 Principal Accounting Policies *(continued)*

3.4 Financial instruments *(continued)*

(a) Financial assets

The Company's financial assets fall into the categories discussed below, with the allocation depending to an extent on the purpose for which the assets were acquired. The Company has not classified any of its financial assets as fair value through profit or loss, held to maturity or as available for sale. Unless otherwise indicated, the carrying amounts of the Company's financial assets are a close approximation of their fair values.

(i) Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through VAT receivable and cash and cash equivalents, but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The effect of discounting on these financial instruments is not considered to be material.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms of the receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, such impairments directly reduce the carrying amount of the impaired assets and are recognised against the relevant income category in the statement of profit or loss and other comprehensive income.

Cash and cash equivalents are carried at cost and consist of cash in hand and short-term deposits in banks with an original maturity of three months or less.

(ii) Derecognition of financial assets

A financial asset (in whole or in part) is derecognised either:

- When the Company has transferred substantially all the risks and rewards of ownership; or
- When it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the asset or a portion of the asset; or
- When the contractual right to receive cash flow has expired.

(b) Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was issued and its characteristics. Unless, otherwise indicated, the carrying amounts of the Company's financial liabilities are a close approximation of their fair values.

(i) Financial liabilities measured at amortised cost. Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.
- Bank borrowings are initially recognised at fair value net of attributable transaction costs incurred. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method.

3 Principal Accounting Policies *(continued)*

3.4 Financial instruments *(continued)*

(b) Financial liabilities *(continued)*

(ii) Derecognition of financial liabilities
A financial liability (in whole or in part) is derecognised when the Company has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the statement of profit or loss and other comprehensive income.

3.5 Construction contracts in progress

Construction contracts in progress represent the gross amount expected to be collected from customers for contract work performed to date. They are measured at costs incurred plus profits recognised to date less progress billings and recognised losses.

In the statement of financial position, construction contracts in progress for which costs incurred plus recognised profits exceed progress billings and recognised losses are presented as contract assets and other receivables. Contracts for which progress billings and recognised losses exceed costs incurred plus recognised profits are presented as deferred income. Advances received from customers are presented as contract liabilities.

3.6 Share capital and share premium

Called up share capital is determined using the nominal value of the shares that have been issued. Share premium includes any premium received on the initial issuing of the shares.

3.7 Revenue recognition

The Company recognises revenue when it transfers control over a product or service to its customer. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Where consideration is not specified within the contract and therefore subject to variability, the Company estimates the amount of consideration to be received from its customer. The consideration recognised is the amount which is highly probable not to result in a significant reversal in future periods.

Where a modification to an existing contract occurs, the Company assesses the nature of the modification and whether it represents a separate performance obligation required to be satisfied by the Company or whether it is a modification to the existing performance obligation. The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust its transaction price for the time value of money.

Revenue is recognised as follows:

- revenue from construction and services activities is recognised over time and the Company uses the input method to measure progress of delivery
- interest income is accrued on a time basis using the effective interest method

3 Principal Accounting Policies *(continued)*

3.8 Construction contracts

When the outcome of individual contracts can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion at the reporting date. Costs are recognised as incurred and revenue is recognised on the basis of the proportion of total costs at the reporting date to the estimated total costs of the contract. Estimates of the final out-turn on each contract may include cost contingencies to take account of the specific risks within each contract that have been identified during the early stages of the contract.

The cost contingencies are reviewed on a regular basis throughout the contract life and are adjusted where appropriate. However, the nature of the risks on contracts are such that they often cannot be resolved until the end of the project and therefore may not reverse until the end of the project. Management continually review the estimated final out-turn on contracts, and in certain limited cases, assess recoveries from insurers, and make adjustments where necessary. No margin is recognised until the outcome of the contract can be estimated with reasonable certainty.

Provision is made for all known or expected losses on individual contracts as soon as such losses are foreseen. Revenue in respect of variations to contracts and incentive payments is recognised when it is probable it will be agreed by the customer. Revenue in respect of claims is recognised only if it is highly probable not to reverse in future periods. Profit for the year includes the benefit of claims settled in the year on contracts completed in previous years.

3.9 Taxation

The tax charge on the profit or loss for the year comprises current and deferred tax. Taxation is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in the statement of profit or loss and other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided using the balance sheet liability method on all temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that, at the time of the transaction, affects neither accounting nor taxable profit and loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates where the timing of the reversal of the temporary differences can be controlled by the parent, venture or investor, respectively, and it is probable that the temporary differences will not reverse in the foreseeable future.
- Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised. Deferred income tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3 Principal Accounting Policies *(continued)*

3.10 Going concern

In accordance with their responsibilities, the Board of Directors ("the Board") are required to assess the Company's ability to continue to operate as a going concern.

The Board has reviewed the projected cashflows of the Company and believe that the Company has adequate resource and support to continue in operational existence for the foreseeable future. Following on from this assessment, the Board have adopted the going concern basis in preparing these financial statements.

3.11 Judgements, estimates and assumptions

The preparation of the financial statements in accordance with IFRS, as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, revenue and expense.

The estimates and associated assumptions are based on management's best estimates and judgement. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Management adjusts such estimates when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ from those 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.

Significant judgements and estimates
Construction contract revenue
The Company provides construction services to its customers by developing the land that the customer owns. The Directors consider there to be one performance obligation which is satisfied over time.

As the performance obligation is satisfied over time, revenue is based on the extent of progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgement and is based on the nature of the services provided. The Company uses the cost input method as a measure of progress for the contract as it best depicts the transfer of assets to the customer which occurs as the Company incurs costs on the contract. Under the cost input method, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation.

4. Revenue

	Audited 2018 £	Unaudited 2017 £
Construction contract revenue	39,294,821	-

The Company has one contract with its customers. From this contract, the Directors consider there to be one performance obligation that is satisfied over time. Revenue from this contract is variable and is recognised as costs are incurred by the Company.

5. Operating profit

Operating profit is stated after charging/(crediting):	Audited 2018 £	Unaudited 2017 £
Foreign exchange gain	(231,709)	-
Auditor's remuneration – audit of financial statements	10,000	-

6. Administration expense

	Audited 2018 £	Unaudited 2017 £
Management fees	691,650	-
Administrative and other expenses	1,800	-
Professional fees	56,040	-
Auditor's remuneration	10,000	-
	759,490	-

7. Employees and Directors' remuneration

During the year directors received no remuneration (2017:£Nil). The Company had no employees during the year (2017: Nil) and therefore there are no employee costs.

8. Finance income

	Audited 2018 £	Unaudited 2017 £
Interest income on bank deposits	143	-

9. Taxation

	Audited 2018 £	Unaudited 2017 £
a) Tax charged in the statement of profit or loss and comprehensive income		
Current tax	44,053	-
Tax charge in the statement of comprehensive income	44,053	-
(b) Reconciliation of effective tax rate		
Profit / (Loss) before taxation	231,857	-
Tax charged on profit / (loss) on ordinary activities at the standard domestic rate 19%	44,053	-
Total tax charge in the statement of profit or loss and other comprehensive income	44,053	-

AMTD London Development Co Limited

Notes forming part of the financial statements for the year ended 31 March 2018 ***(continued)***

10. Trade and other receivables

	Audited 2018 £	Unaudited 2017 £
Amounts recoverable on contracts	6,237,548	-
VAT	1,833,157	-
Accrued income	3,252,358	-
Other receivables	159,327	1
	11,482,390	1
Non-current:		
Accrued income	160,702	-
	11,643,092	1

11. Cash and cash equivalents

	Audited 2018 £	Unaudited 2017 £
Cash at bank and in hand	251,581	-

12. Trade and other payables

	Audited 2018 £	Unaudited 2017 £
Current:		
Trade creditors	8,091,400	-
Accrued creditors	158,359	-
Taxation	44,053	-
Amounts due to related parties	34,446	-
Retentions	160,702	-
Accrued expenses	3,057,206	-
	11,546,166	-
Non-current:		
Retentions	160,702	-
	11,706,868	-

Amounts due to related parties are unsecured, interest free and repayable on demand.

13. Share capital

	Audited 2018 £	Unaudited 2017 £
Allotted, issued and fully paid:		
1 ordinary shares of £1 each	1	1

All shares carry equal voting rights and rights to dividends.

14. Financial risk management objectives and policies

The Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and the processes for managing those risks and methods used to measure them. Further quantitative information in respect of these risks and instruments is presented throughout these financial statements.

Principal financial instruments
The principal instruments used by the Company, from which risks arise are as follows:

- Cash at bank
- Trade and other receivables
- Trade and other payables
- Amounts due to related parties

General objectives, policies, processes and capital management
The Board of Directors has the overall responsibility for determining the Company's risk management objectives and policies and for designing and operating processes that ensure effective implementation of the objectives and policies. The key objective for capital management is to ensure liquidity at all times. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details are set out below:

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The carrying amount of financial assets represents the credit exposure.

Cash and cash equivalents
The Company held cash balances with bank counterparties which are rated P-3 based on Moody's rating.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's policy is to manage its cash balances to retain sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet all requirements. The Company seeks to reduce liquidity risk by way of loans from related parties.

			Contractual Cashflows		
	Carrying value £	Total £	6 months or less £	6 to 12 months £	1 – 5 years £
Trade and other payables	(11,628,369)	(11,628,369)	(11,306,965)	-	(321,404)
Due to related party	(34,446)	(34,446)	(34,446)	-	-
	(11,662,815)	(11,662,815)	(11,341,411)	-	(321,404)

14. Financial risk management objectives and policies *(continued)*

Market risk
Market risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in interest rates, foreign exchange rates, or other market factors.

Currency risk
The Company is exposed to currency risk to the extent that there is a mismatch between currencies in which sales and purchases are denominated and the respective functional currency of the Company. The Company's policy is to ensure that its net exposure is kept to an acceptable level by settling foreign currency invoices swiftly and passing this cost to its customers.

The below summaries the Company's exposure to foreign currency at the year-end date. The Company's financial assets and liabilities are shown at their Sterling carrying amounts, categorised by their currency of denomination.

Currency of denomination	**Sterling**	**Euro**	**Hong Kong Dollar**	**Australian Dollar**	**US Dollar**	**Total**
	£	£	£	£	£	£
Trade and other receivables	11,482,390	-	-	-	-	11,482,390
Cash and other equivalents	251,581	-	-	-	-	251,581
Total financial assets	11,733,971	-	-	-	-	11,733,971
Trade and other payables	3,585,026	8,091,400	454	17,221	12,767	11,706,868
Total financial liabilities	3,585,026	8,091,400	454	17,221	12,767	11,706,868

If Sterling weakened / strengthened by 10% against the Euro with all other variables held constant, the net asset value at the year-end date would be £809,140 lower / higher.

If Sterling weakened / strengthened by 10% against the Hong Kong Dollar with all other variables held constant, the net asset value at the year-end date would be £454 lower / higher.

If Sterling weakened / strengthened by 10% against the Australian Dollar with all other variables held constant, the net asset value at the year-end date would be £1,722 lower / higher.

If Sterling weakened / strengthened by 10% against the US Dollar with all other variables held constant, the net asset value at the year-end date would be £1,722 lower / higher.

Estimate of fair values
The Directors consider that there are no significant differences between the fair values of financial asset and liabilities and their carrying values in these financial statements.

15. Related Party Disclosures

The customers of the Company are related parties as they have a common indirect parent entity, MTD Capital BHD, a company registered in Malaysia. Transactions during the year were to the following related parties:

Related party	Sales of services		Amounts outstanding	
	2018	2017	2018	2017
	£	£	£	£
AlloyMTD (Jersey) Limited	181,656	-	40,302	-
AMJ Podium Offices Limited	9,082,812	-	2,015,122	-
AMJ 54 Wilson Street Limited	1,453,250	-	322,419	-
AMJ Hotel and Clubhouse Limited	1,089,937	-	241,815	-
AMJ Residential Developments Limited	26,727,667	-	3,617,889	-
AMJ Resi II Ltd	4	-	1	-
	38,535,326	-	6,237,548	-

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

The Company has an unsecured, interest free loan payable due to AlloyMTD (Jersey) Limited of £34,446.

Key management personnel compensation
Key management personnel compensation consists of director fees charged through the profit or loss of £691,650 (2016: £Nil). As at the year-end £691,650 was outstanding (2016: £Nil).

16. Financial instruments

	2018	2017
	£	£
Financial assets		
Financial assets measured at amortised cost	10,061,516	1
Financial liabilities		
Financial liabilities measured at amortised cost	11,662,815	-

Financial assets measured at amortised cost comprise cash, amounts recoverable on contracts, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, accrued creditors, amounts due to related parties, retentions and accrued expenses.

17. Contractual commitments

Expenditure authorised and contracted for which has not been provided for in the financial statements amounted to £208,303,640 (2017: £Nil).

18. Events after the statement of financial position date

There were no material events requiring disclosure identified between 31 March 2018 and the date the financial statements were signed.