

COMPANY REGISTRATION NUMBER: 02076610

Urban Splash Work Limited
Financial Statements
For the year ended
30 September 2020



Urban Splash Work Limited

Financial Statements

Year ended 30 September 2020

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Urban Splash Work Limited

Officers and Professional Advisers

The board of directors	Mr. T.P.R. Bloxham M.B.E. Mr. J. M. Falkingham Mr. J.P. Curnuck
Company secretary	Mrs. K.J. Essop
Registered number	02076610
Registered office	Timber Wharf 16-22 Worsley Street Castlefield Manchester M15 4LD
Auditor	BDO LLP Statutory Auditor 3 Hardman Street Spinningfields Manchester United Kingdom M3 3AT

Urban Splash Work Limited

Directors' Report

Year ended 30 September 2020

The directors present their report and the financial statements of the company for the year ended 30 September 2020.

Principal activities

The principal activity of the company is that of property investment and management. The COVID-19 pandemic has had an impact in the current financial year on commercial property rental income, with significant bad debt provisions made at year-end against potentially irrecoverable debt, in addition to rent reductions and payment plans agreed with tenants. The directors expect the general level of activity to remain the same in future years.

Directors

The directors who served the company during the year were as follows:

Mr. T.P.R. Bloxham M.B.E.
Mr. J. M. Falkingham
Mr. J.P. Curnuck

Results and dividends

The profit for the year amounted to £2,634,479 (2019: £3,680,805) and includes a revaluation of investment properties of £2,682,446 (2019: £2,164,356). The directors have not recommended a dividend (2019: same).

Strategic report

No separate Strategic Report has been presented as the company is entitled to the small companies exemption.

Going concern

As described in the accounting policies, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and have specifically assessed the impact of COVID-19 on the company. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors' responsibilities statement

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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

Urban Splash Work Limited

Directors' Report *(continued)*

Year ended 30 September 2020

Directors' responsibilities statement *(continued)*

of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

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

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware;
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information; and
- this confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 18/08/2021 and signed on behalf of the board by:



Mr. J.P. Curnuck
Director

Registered office:
Timber Wharf
16-22 Worsley Street
Castlefield
Manchester
M15 4LD

Urban Splash Work Limited

Independent Auditor's Report to the Member of Urban Splash Work Limited

Year ended 30 September 2020

Opinion

We have audited the financial statements of Urban Splash Work Limited ("the Company") for the year ended 30 September 2020, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, and the 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

Urban Splash Work Limited

Independent Auditor's Report to the Member of Urban Splash Work Limited

(continued)

Year ended 30 September 2020

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Urban Splash Work Limited

Independent Auditor's Report to the Member of Urban Splash Work Limited (continued)

Year ended 30 September 2020

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at 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 member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Gary Harding

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Gary Harding (Senior Statutory Auditor)

For and on behalf of
BDO LLP
Statutory Auditor
3 Hardman Street
Spinningfields
Manchester
United Kingdom
M3 3AT

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

Date: 18 August 2021

Urban Splash Work Limited

Statement of Comprehensive Income

Year ended 30 September 2020

	Note	2020 £	2019 £
Turnover	4	4,108,110	3,984,821
Gross profit		<u>4,108,110</u>	<u>3,984,821</u>
Administrative expenses (including profit on disposal of fixed assets of £nil (2019: £547,282))		(2,818,424)	(1,618,717)
Other operating income	5	7,387	–
Revaluation of tangible assets	11	<u>2,682,447</u>	<u>2,164,356</u>
Operating profit	6	3,979,520	4,530,460
Other interest receivable and similar income	8	1,811	1,592
Interest payable and similar expenses	9	<u>(1,527,885)</u>	<u>(1,853,824)</u>
Profit before taxation		2,453,446	2,678,228
Tax on profit	10	<u>181,033</u>	<u>1,002,577</u>
Total comprehensive income for the year		<u><u>2,634,479</u></u>	<u><u>3,680,805</u></u>

All the activities of the company are from continuing operations.

The accompanying notes are an integral part of this Statement of Comprehensive Income.

The notes on pages 10 to 21 form part of these financial statements.

Urban Splash Work Limited

Statement of Financial Position

30 September 2020

	Note	2020 £	2019 £
Fixed assets			
Fixed assets	11	50,863,411	47,865,026
Current assets			
Debtors	12	13,151,764	13,044,323
Cash at bank and in hand		<u>1,933,157</u>	<u>1,817,383</u>
		15,084,921	14,861,706
Creditors: amounts falling due within one year	13	<u>(2,757,398)</u>	<u>(2,129,051)</u>
Net current assets		<u>12,327,523</u>	<u>12,732,655</u>
Total assets less current liabilities		63,190,934	60,597,681
Creditors: amounts falling due after more than one year	14	<u>(37,810,775)</u>	<u>(37,670,968)</u>
Provisions			
Deferred tax	15	<u>(1,792,746)</u>	<u>(1,973,779)</u>
Net assets		<u>23,587,413</u>	<u>20,952,934</u>
Capital and reserves			
Called up share capital	17	1,000	1,000
Revaluation reserve	18	22,304,575	19,622,129
Profit and loss account	18	<u>1,281,838</u>	<u>1,329,805</u>
Member funds		<u>23,587,413</u>	<u>20,952,934</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 18/08/2021, and are signed on behalf of the board by:



Mr. J.P. Curnuck
Director

Company registration number: 02076610

The notes on pages 10 to 21 form part of these financial statements.

Urban Splash Work Limited

Statement of Changes in Equity

Year ended 30 September 2020

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 October 2018	1,000	23,550,726	(6,279,597)	17,272,129
Profit for the year	–	2,164,356	1,516,449	3,680,805
Other comprehensive income for the year:				
Reclassification from revaluation reserve to profit and loss account	–	(6,092,953)	6,092,953	–
Total comprehensive income for the year	–	(3,928,597)	7,609,402	3,680,805
At 30 September 2019	1,000	19,622,129	1,329,805	20,952,934
Profit for the year	–	2,682,446	(47,967)	2,634,479
Total comprehensive income for the year	–	2,682,446	(47,967)	2,634,479
At 30 September 2020	<u>1,000</u>	<u>22,304,575</u>	<u>1,281,838</u>	<u>23,587,413</u>

The notes on pages 10 to 21 form part of these financial statements.

Urban Splash Work Limited

Notes to the Financial Statements

Year ended 30 September 2020

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Timber Wharf, 16-22 Worsley Street, Castlefield, Manchester, M15 4LD.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of accounting

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

The company was incorporated in the United Kingdom under the Companies Act.

The principal accounting policies are summarised below, which have been applied consistently throughout the current and preceding years.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account (or capitalised into work in progress or assets under construction as appropriate) using the effective interest method and are added to accruals to the extent they are not settled in the period in which they arise.

Going concern

The company meets its day to day working capital requirements through existing cash resources. The directors have considered the future impact of COVID-19 on the trading activity of the business in assessing the going concern of the company. The company has complied with all its loan covenants and met all interest payments in the trading period affected by COVID-19 and is forecast to continue to do so despite reduced levels of rental collection. The directors expect to be able to operate within the level of its current resources, given forecast rental and other income, capital receipts, expected expenditure and resources available which reflect the continued impact of COVID-19. The directors will commence discussions with its bankers to seek to refinance these loans prior to repayment date (28 September 2022). Consequently, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Urban Splash Work Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

3. Accounting policies *(continued)*

Government grants

Grants receivable in respect of properties under development are initially held on the balance sheet as deferred income. In the case of assets which are subsequently sold once development is complete, the grant is credited to the profit and loss account in line with the costs on the development. Where the terms of the grant include a possible repayment, provision for such a repayment is made immediately.

In the case of investment properties, the grants are deferred until the asset is transferred to fixed assets, at which point they are credited directly to the cost of the asset. This treatment is not in accordance with section 404 to the Companies Act 2006 which requires fixed assets to be shown at cost and grants as deferred income. The treatment has been adopted in accordance with section 404(5) of the Companies Act 2006 in order to show a true and fair view as, in the opinion of the directors, it is not appropriate to treat grants on investment properties as deferred income. Investment properties are not depreciated and accordingly no basis exists on which to recognise the release of deferred income to the profit and loss account.

Grants of a revenue nature are recognised in "other income" within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough'). The group has not directly benefited from any other forms of government assistance.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Urban Splash Group Holdings Limited (formerly Urban Splash Newco One Limited) which are publicly available. As such, advantage has been taken of the following disclosure exemption available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) Disclosures in respect of the fixed asset movement prior year comparative have not been presented.

Financial instruments

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

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future payment discounted at a market rate of interest.

Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or are settled or when the company transfers to another party the financial asset and substantially all of the risks and rewards of ownership of the financial asset.

Urban Splash Work Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

3. Accounting policies *(continued)*

Financial instruments *(continued)*

Financial liabilities are derecognised only when the obligation specified on the contract is discharged, cancelled or expires.

Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The directors do not consider there to be any critical accounting judgements that must be applied.

Key sources of estimation and uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are addressed below:

- Investment properties

A key source of estimation and uncertainty relates to the valuation of investment properties, where a valuation is obtained annually, as at 30 September, either by professionally qualified external valuers, or by the company's own internal qualified staff. The evidence to support these valuations is based primarily on recent, comparable market transactions on an arm's length basis. However, the assumptions applied are inherently subjective and so are subject to a degree of uncertainty.

Revenue recognition

Turnover represents amounts receivable for properties and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Rents receivable are recognised on a straight line basis over the lease term, even if the rents are not received on such a basis.

Taxation

Corporation tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

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

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred

Urban Splash Work Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

3. Accounting policies *(continued)*

Taxation *(continued)*

tax is measured using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property measured at fair value is calculated using the tax rates and allowances that would apply to the disposal of such assets.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

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

Leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Fixed assets

Operational land and buildings

Properties occupied by group companies, which would otherwise be classed as investment properties, are held at cost and are not revalued.

Investment properties

Investment properties are measured at fair value annually with any change recognised in the profit and loss account.

Properties in the course of development or practically completed but not substantially let are included in the balance sheet at cost subject to provisions if the directors consider it prudent having regard to the prevailing market conditions. Cost includes interest and directly attributable overheads whilst the property is in the course of development.

Reclassifications between investment properties, other fixed assets and stocks are made at the lower of net book value and net realisable value.

Investment property sales are recognised upon unconditional exchange.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures, fittings and equipment - 3-5 years

Urban Splash Work Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

3. Accounting policies *(continued)*

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

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

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the statement of financial position. Finance costs and gains or losses relating to financial liabilities are included in the statement of comprehensive income. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change of value.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the

Urban Splash Work Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

3. Accounting policies *(continued)*

Defined contribution plans *(continued)*

prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2020 £	2019 £
Commercial rental income	4,087,338	3,964,729
Residential rental income	20,772	20,092
	<u>4,108,110</u>	<u>3,984,821</u>

The turnover and profit before tax are attributable to the principal activity of the company and arose wholly within the United Kingdom.

Revenue is recognised when the company has obtained the right to receive consideration in exchange for its performance under contracts for letting. Rents receivable are recognised in accordance with the terms of these contracts.

5. Other operating income

	2020 £	2019 £
Other operating income	<u>7,387</u>	<u>–</u>

Other operating income represents the total amount of grant received from HMRC in respect of the Coronavirus Job Retention Scheme.

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2020 £	2019 £
Depreciation of fixed assets	25	300
Impairment of fixed assets recognised in:		
Administrative expenses	–	80,000
Gains on disposal of fixed assets	<u>–</u>	<u>(547,282)</u>

In the current year, audit fees were £10,000 (2019: £10,000).

Deloitte LLP resigned as auditor during the prior year and BDO LLP were appointed. Amounts payable to Deloitte LLP (whilst appointed as auditor in 2019) and their associates by the company in respect of non-audit services were:

	2020 £	2019 £
Property services	<u>–</u>	<u>1,000</u>
	<u>–</u>	<u>1,000</u>

Urban Splash Work Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2020 No.	2019 No.
Administrative staff	<u>17</u>	<u>17</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2020 £	2019 £
Wages and salaries	847,963	728,123
Social security costs	69,898	68,143
Other pension costs	43,030	18,864
	<u>960,891</u>	<u>815,130</u>

During the year £133,104 (2019: £109,956) of payroll costs were recharged to fellow group companies, resulting in a total charge of £827,787 (2019: £705,174) of payroll costs to the statement of comprehensive income.

The directors' remuneration was borne by another group company in both years.

8. Other interest receivable and similar income

	2020 £	2019 £
Interest on cash and cash equivalents	<u>1,811</u>	<u>1,592</u>

9. Interest payable and similar expenses

	2020 £	2019 £
Other interest payable and similar charges	<u>1,527,885</u>	<u>1,853,824</u>

10. Tax on profit

Major components of tax expense

	2020 £	2019 £
Deferred tax:		
Origination and reversal of timing differences	<u>181,033</u>	<u>1,002,577</u>

Urban Splash Work Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

10. Tax on profit *(continued)*

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 £	2019 £
Profit on ordinary activities before taxation	2,453,446	2,678,228
Profit on ordinary activities by rate of tax	466,155	508,863
Revaluation gains not taxable	(509,665)	(411,228)
Effect of capital allowances and depreciation	(64,963)	15,257
Creation / (utilisation) of tax losses	44,320	(950,000)
Profits not taxable	–	(103,983)
Chargeable gains	–	1,226,536
Movement in short term differences	(81,197)	(81,197)
Deferred tax	181,033	1,002,577
Group relief surrendered/(claimed)	145,350	(204,248)
	<u>181,033</u>	<u>1,002,577</u>

Factors that may affect future tax expense

The Finance Act 2016 reduced the corporation tax rate to 17% with effect from 1 April 2020 and so this rate was used in the September 2019 deferred tax calculations. In the Budget of 11 March 2020, the Chancellor of the Exchequer announced that the planned rate reduction to 17% would no longer be taking effect. The changes announced during the Budget of 11 March 2020 were substantively enacted as at the 2020 balance sheet date, therefore, all opening deferred taxation balances have been remeasured at 19% with an adjustment recognised in the 2020 total tax charge.

The Finance Bill 2021, published on 11 March 2021 received royal ascent on 10 June 2021 and included measures to increase the main rate of corporation tax from 19% to 25% with effect from 1 April 2023. As a consequence, the deferred tax assets and liabilities will be remeasured at the new rate of corporation tax in the next financial year.

A deferred tax asset amounting to £640,556 (2019: £354,108) in respect of £596,236 (2019: £435,901) for short term timing differences, £44,320 (2019: £nil) for tax losses less £nil (2019: £81,793) as a result of the tax written down value of the company's fixed assets exceeding the qualifying net book value has not been recognised because, in the opinion of the directors there will be no suitable taxable profits available in the foreseeable future.

Urban Splash Work Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

11. Fixed assets

	Investment properties £	Operational land & buildings £	Fixtures, fittings & equipment £	Total £
Cost or valuation				
At 1 October 2019	47,175,001	770,000	42,936	47,987,937
Additions	315,963	–	–	315,963
Disposals	–	–	(42,936)	(42,936)
Revaluations	2,682,447	–	–	2,682,447
At 30 September 2020	50,173,411	770,000	–	50,943,411
Depreciation or Impairment				
At 1 October 2019	–	80,000	42,911	122,911
Charge for the year	–	–	25	25
Disposals	–	–	(42,936)	(42,936)
At 30 September 2020	–	80,000	–	80,000
Carrying amount				
At 30 September 2020	50,173,411	690,000	–	50,863,411
At 30 September 2019	47,175,001	690,000	25	47,865,026

Fixed assets held at valuation

Investment properties, which are a combination of freehold and leasehold were valued on an open market existing use basis at 31 August 2020 by Jones Lang LaSalle Limited, an external firm of property consultants. Investment properties are not depreciated. The directors do not believe there was a material change in value during the final month of the year. Such properties are not depreciated.

If the investment properties had not been revalued, they would have been included at a historical cost of £27,868,835 (2019: £27,552,870).

12. Debtors

	2020 £	2019 £
Trade debtors	491,656	112,223
Amounts owed by group undertakings	12,433,355	12,438,535
Prepayments and accrued income	222,556	490,568
Other debtors	4,197	2,997
	13,151,764	13,044,323

Amounts due by group undertakings are due on demand, accrue no interest and are unsecured.

Due to the inherent uncertainties surrounding the impact of the COVID-19 pandemic on the company's customers, the company has made provisions against potentially irrecoverable trade debt of £572,895 (2019; £10,000).

Urban Splash Work Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

13. Creditors: amounts falling due within one year

	2020	2019
	£	£
Payments received on account	792,483	617,702
Trade creditors	108,799	97,773
Amounts owed to group undertakings	153,700	153,497
Amounts owed to related parties	–	15,600
Accruals and deferred income	1,242,482	1,000,468
Social security and other taxes	278,304	72,910
Other creditors	181,630	171,101
	<u>2,757,398</u>	<u>2,129,051</u>

Amounts due to group undertakings are due on demand, accrue no interest and are unsecured.

14. Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Bank loans and overdrafts	21,941,853	21,801,154
Other loans	15,868,922	15,869,814
	<u>37,810,775</u>	<u>37,670,968</u>

All bank loans are secured through a fixed charge on the investment properties of the company, together with a floating charge over the company's assets.

The bank loan bears interest at 3.92% and is repayable in full on 28 September 2022. The total amount of the loan is £22,221,714 (2019: £22,221,714). The above balance is net of £279,861 (2019: £420,560) of loan arrangement fees and associated costs, which have been prepaid, and will be released to the Statement of Comprehensive Income over the term of the loan. This loan will be refinanced upon the repayment date.

Other loans represent capital of £7,187,743 (2019: £7,684,058) and accrued interest of £8,681,179 (2019: £8,185,756). The other loan bears interest at 2.35% above LIBOR, the debt is unsecured, and is subordinated behind the bank loan and is therefore repayable after 28 September 2022, once the bank loan has been repaid.

15. Provisions

	Deferred tax (note 16)
	£
At 1 October 2019	1,973,779
Unused amounts reversed	(181,033)
At 30 September 2020	<u>1,792,746</u>

Urban Splash Work Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

16. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2020 £	2019 £
Included in provisions (note 15)	<u>1,792,746</u>	<u>1,973,779</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2020 £	2019 £
Fair value adjustment of investment property	<u>1,792,746</u>	<u>1,973,779</u>

17. Called up share capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

18. Reserves

Revaluation reserve - This records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Profit and loss account - This reserve records retained earnings and accumulated losses.

19. Operating leases

The company owns the long leasehold interest in a number of investment properties, and annual ground rents are payable of £24,199 (2019 - £24,199). The remaining lease terms range from 45 years to 977 years, and the total ground rent due over the remaining term totals £15,089,294 (2019 - £15,113,559).

Operating lease receivables

The future amounts receivable by the company under non-cancellable operating leases are as follows:

	2020 £	2019 £
Within:		
1 year	3,865,607	3,321,521
1-2 years	2,846,723	2,087,130
2-5 years	5,041,876	3,153,245
Over 5 years	<u>10,481,182</u>	<u>8,794,904</u>
	<u>22,235,388</u>	<u>17,356,800</u>

Urban Splash Work Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

20. Related party transactions

As a subsidiary undertaking of Urban Splash Group Limited, the company has taken advantage of the exemption in section 33 of FRS102, from disclosing transactions with other members of the group headed by Urban Splash Group Limited. There are no transactions with Urban Splash Group Holdings Limited which need to be disclosed in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Less than one year:	2020			2019		
	Debtors £	Creditors £	Net trading activity~ £	Debtors £	Creditors £	Net trading activity~ £
Shed K.M. Limited	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>15,600</u>	<u>15,500</u>

~ Brackets denote sales or recharge of costs and the converse represents purchases.

The transactions and balances listed above all relate to trading activities which have arisen in the normal course of business, and are conducted on an arm's length basis.

Shed K.M. Limited is a company in which Mr. J.M. Falkingham, a director of the company, is materially interested as a director and shareholder.

21. Controlling party

Urban Splash Group Holdings Limited, a company incorporated in England, is the ultimate parent company as at 30 September 2020. The directors regard T.P.R. Bloxham M.B.E. as the ultimate controlling party.

Urban Splash Group Holdings Limited is the parent company of the largest and smallest group of which the company is a member and for which financial statements are drawn up. Copies of the financial statements are available from Timber Wharf, 16-22 Worsley Street, Castlefield, Manchester, M15 4LD.