

Urban Splash Group Limited
Financial Statements
For the year ended
30 September 2016

WEDNESDAY



A69IZGNM

A09

28/06/2017

#3

COMPANIES HOUSE

Urban Splash Group Limited

Financial Statements

Year ended 30 September 2016

Contents	Page
Strategic report	1
Directors' report	2
Independent auditor's report to the members	4
Statement of income and retained earnings	6
Statement of financial position	7
Notes to the financial statements	8

Urban Splash Group Limited

Strategic Report

Year ended 30 September 2016

Principal activities

The principal activity of the company is that of a holding company. During a previous financial period, the company was acquired by Urban Splash Holdings Limited and the majority of the head office functions previously carried out by Urban Splash Group Limited were transferred to another group company. The company continues to undertake some management activities for its trading subsidiaries.

Strategic review

The profit for the year was £85,034 (2015: £92,669). Net liabilities at the year-end were £1,383,760 (2015: £1,468,794).

Key performance indicators

On the basis that the company solely acts as a holding company, it is not considered necessary to consider key performance indicators further. Key performance indicators are managed on a group wide basis and regularly monitored by the board.

Principal risks and uncertainties

The group monitors principal risks and uncertainties on a group wide basis. The principal risks for the company are as follows:

- Recoverability of amounts owed by group undertakings
- Ability for the subsidiaries to pay dividends to the company

The directors monitor the performance of the subsidiaries on a regular basis in order to manage these risks.

Future developments

The directors expect the general level of activity to remain consistent with 2016 in the forthcoming year.

This report was approved by the board of directors on 26/06/17 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 Group Limited

Directors' Report

Year ended 30 September 2016

The directors present their report and the financial statements of the company for the year ended 30 September 2016.

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
Mr. S.D. Gawthorpe

Dividends

The directors do not recommend the payment of a dividend.

Results

The profit for the year amounted to £85,034 (2015: £92,669).

Certain shares of the company were held by the Urban Splash Employee Benefit Trust which, following the restructure of the Urban Splash Group, became surplus to requirement. In April 2016, the company purchased 42,400 ordinary shares ("Trust Shares") and all of the A ordinary shares ("Nominee Shares") for nil consideration. The company treated the Trustee transfers and the Nominee transfers as a gift of the Trust Shares and the Nominee Shares for nil consideration (within section 659(1) Companies Act 2006); and on the basis that the gift did not constitute a purchase of shares under Part 18 Companies Act 2006, then neither section 724 (treasury shares) nor section 706 (shares to be cancelled if section 724 does not apply) of the Companies Act 2006 applied. Therefore, the shares continued to exist, and the company was entered on the register of members of the company as holder of shares. Following the share buy-back, the Urban Splash Employee Benefit Trust was wound up.

Going concern

The directors wish to draw attention to the statement of accounting policies regarding the basis of preparation of the accounts. The company relies on the support of the parent company, Urban Splash Holdings Limited ('the group') to meet its liabilities as they fall due and has received confirmation from the parent company that it will provide such support as is necessary to enable the company to meet its liabilities as they fall due.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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, including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

Urban Splash Group Limited

Directors' Report *(continued)*

Year ended 30 September 2016

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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; and
- 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.

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

This report was approved by the board of directors on 26/07/17 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 Group Limited

Independent Auditor's Report to the Members of Urban Splash Group Limited

Year ended 30 September 2016

We have audited the financial statements of Urban Splash Group Limited for the year ended 30 September 2016 which comprise the statement of income and retained earnings, statement of financial position and the related notes numbered 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2016 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.

Opinion on other matter prescribed by the companies act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Urban Splash Group Limited

Independent Auditor's Report to the Members of Urban Splash Group Limited (continued)

Year ended 30 September 2016

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of directors remuneration specified by law are not made; and
- we have not received all the information and explanations we require for our audit.



Christopher Robertson (Senior Statutory Auditor)

For and on behalf of
DELOITTE LLP
Statutory Auditor

Manchester
United Kingdom
27 June 2017

Urban Splash Group Limited

Statement of Income and Retained Earnings

Year ended 30 September 2016

	Note	2016 £	2015 £
Other income		85,008	92,669
Operating profit		<u>85,008</u>	<u>92,669</u>
Other interest receivable and similar income		26	—
Profit on ordinary activities before taxation		<u>85,034</u>	<u>92,669</u>
Tax on profit on ordinary activities	4	—	—
Profit for the financial year and total comprehensive income		<u>85,034</u>	<u>92,669</u>
Retained losses at the start of the year		(6,438,980)	(6,531,649)
Retained losses at the end of the year		<u>(6,353,946)</u>	<u>(6,438,980)</u>

All the activities of the company are from continuing operations.

The accompanying notes are an integral part of this Statement of Income and Retained Earnings.

The notes on pages 8 to 17 form part of these financial statements.

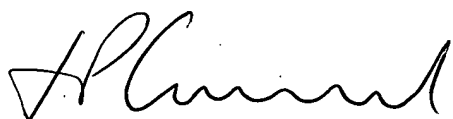
Urban Splash Group Limited

Statement of Financial Position

30 September 2016

	Note	2016 £	2015 £
Current assets			
Debtors	6	24,778,386	16,967,661
Cash at bank and in hand		32,049	4,206
		<u>24,810,435</u>	<u>16,971,867</u>
Creditors: amounts falling due within one year	7	(26,194,195)	(18,440,661)
Net current liabilities		<u>(1,383,760)</u>	<u>(1,468,794)</u>
Total assets less current liabilities		<u>(1,383,760)</u>	<u>(1,468,794)</u>
Net liabilities		<u>(1,383,760)</u>	<u>(1,468,794)</u>
Capital and reserves			
Called up share capital	8	2,010,130	2,010,130
Share premium account	9	4,609,464	4,609,464
Capital redemption reserve	9	6,400	6,400
Other reserves	9	(1,655,808)	(1,655,808)
Profit and loss account	9	(6,353,946)	(6,438,980)
Members deficit		<u>(1,383,760)</u>	<u>(1,468,794)</u>

These financial statements were approved by the board of directors and authorised for issue on 26/06/17, and are signed on behalf of the board by:



Mr. J.P. Curnuck
Director

Company registration number: 03141013

The notes on pages 8 to 17 form part of these financial statements.

Urban Splash Group Limited

Notes to the Financial Statements

Year ended 30 September 2016

1. Statement of compliance

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

2. 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 has an accounting reference date of 27 September, however the financial statements for both periods have been prepared up to the financial period ended 30 September.

Urban Splash Group Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

2. Accounting policies *(continued)*

Going concern

The financial statements have been prepared on a going concern basis.

The company is a subsidiary of Urban Splash Holdings Limited, which manages its working capital and funding on a pooled basis across certain companies within the Group. Based on the relationship between the company and the parent company, the directors of the company have sought and received an expression of the parent company's intention not to require repayment of the intercompany balances which are due from this company, and to continue to support the company for not less than 12 months from the date of signing of these financial statements. In relying on this parent company support, the directors of the company are cognisant of the following going concern disclosure which appears in the financial statements of Urban Splash Holdings Limited for the period ended 30 September 2016;

"The financial statements have been prepared on a going concern basis.

The group's business activities, together with the factors likely to affect its future development, performance and position, and its exposures to liquidity risk are set out in this Strategic Report on pages 3 to 6.

The group has net debt of £92.2 million as at 30 September 2016, comprising £106.1 million of debt and £13.9 million in cash. The debt is provided through a number of secured facilities from banks, the group's shareholders and a private company. At 30 April 2017 total net debt, was £97.1 million.

The principal components of the group's funding at 30 April 2017 were as follows:

- *an on-demand loan facility from the group's shareholders totalling £40.4 million including accrued interest;*
- *a term bank loan facility totalling £10.2 million excluding accrued interest under a facility which expires on 31 October 2019;*
- *an on-demand (with 6 week notice to demand) £52.3 million loan facility, excluding accrued interest, provided by a private company;*
- *£5.8 million of cash*

All of the group's debt is performing in line with the expectations of its lenders and where tested, loan covenants are met with clear headroom and are forecast to continue to be so for the foreseeable future. The group has no overdraft facility and meets its day to day working capital requirements through trading activities and cash flows generated from asset sales. The current cash flow forecasts indicate that no further facilities, other than development finance facilities in the ordinary course of business are required in the foreseeable future.

The directors have prepared financial projections for the foreseeable future which reflect the existing facilities currently being made available to the group, albeit the majority of these facilities are on demand as set out above.

Although the economic environment has improved significantly over the period, there remain a number of uncertainties for all companies in the sectors in which the group operates with regard to future market valuation movements, mortgage availability as a result of market regulation, rental demand and the resultant impact on occupancy and the group's ability to realise assets via sale in the short term should a need arise.

In addition to the above, the directors remain focussed on working capital management and the management of operating costs to ensure that the day to day cash flow requirements of the business are controlled.

Urban Splash Group Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

2. Accounting policies *(continued)*

Going concern *(continued)*

On the basis of the forecasts, existing cash resources and that the group's lenders have indicated that the current on-demand facilities will not be demanded for the foreseeable future, the directors consider that the group and the company will continue to be meet its working capital requirements and not require any additional facilities for the foreseeable future.

On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis."

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 October 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 13.

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 (enter name of group financial statements) which can be obtained from (enter detail). As such, advantage has been taken of the following disclosure exemptions 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 and investments movement prior year comparative have not been presented.

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts.

Judgements and key sources of estimation uncertainty

The preparation of the financial statement requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The directors do not consider any estimates or assumption to be "key" warranting disclosure.

Urban Splash Group Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

2. Accounting policies *(continued)*

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 balance sheet date.

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

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 tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property 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.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Urban Splash Group Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

2. Accounting policies *(continued)*

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.

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

3. Operating profit

Audit fees of the company were borne by another group company, but if recharged, would have amounted to £512 (2015: £494).

There were no employees employed by the company during either year. The directors' remuneration was borne by another group company in both years.

Amounts payable to Deloitte LLP and their associates by the company in respect of non-audit services were:

	2016	2015
	£	£
Corporation tax compliance and advice	—	40,000

Urban Splash Group Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

4. Tax on profit on ordinary activities

Reconciliation of tax income

The tax assessed on the profit on ordinary activities for the year is lower than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 20.50%).

	2016	2015
	£	£
Profit on ordinary activities before taxation	85,034	92,669
Profit on ordinary activities by rate of tax	17,007	18,997
Effect of capital allowances and depreciation	(16,014)	(31,446)
Group relief (claimed) / surrendered	(993)	12,449
Tax on profit on ordinary activities	—	—

Factors that may affect future tax income

Finance Act 2016, which was substantively enacted in September 2016, included provisions to reduce the rate of UK corporation tax to 17% with effect from 1 April 2020. Accordingly, as this legislation was substantively enacted by 30 September 2016, unrecognised deferred tax balances have been revalued to the lower rate of 17% in these accounts.

The deferred tax asset has decreased to £1,236,370 (2015: £1,470,567) during the year and has not been recognised because, in the opinion of the directors, there will be no suitable taxable profits available in the foreseeable future.

Analysis of deferred tax asset:-

	30 Sep 16	30 Sep 15
	£	£
Fixed assets	108,154	143,254
Trading losses	1,000,696	1,177,290
Capital losses	127,520	150,023
	<u>1,236,370</u>	<u>1,470,567</u>

5. Investments

	Shares in group undertakings £
Cost	
At 1 Oct 2015 and 30 Sep 2016	<u>6,036,613</u>
Impairment	
At 1 Oct 2015 and 30 Sep 2016	<u>6,036,613</u>
Carrying amount	
At 30 September 2016	<u>—</u>

Subsidiaries, associates and other investments

Urban Splash Group Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

5. Investments *(continued)*

The company's investments are:

Name	Country of incorporation	Holding	Proportion of voting rights	Principal activity
Subsidiary undertakings				
Urban Splash Limited	England	Ordinary shares	100%	Property development
Urban Splash Build Limited	England	Ordinary shares	100%	Property construction
Urban Splash Work Limited	England	Ordinary shares	100%	Property investment and lettings
Urban Splash Yorkshire Limited	England	Ordinary shares	100%	Property development
Urban Splash (South West) Limited	England	Ordinary shares	100%	Property development
Urban Splash (South West) Birnbeck Limited	England	Ordinary shares	100%*	Property development
Urban Splash Lakes Limited	England	Ordinary shares	100%	Property development
Urban Splash Director Limited	England	Ordinary shares	100%	Holding company
New Islington Utilities Company Limited	England	Ordinary shares	100%	Provision of utilities
Urban Splash Residential Management Limited	England	Ordinary shares	100%	Non-trading
Urban Splash Hotels Limited	England	Ordinary shares	100%*	Non-trading
Urban Splash South West (Bridewell) Limited	England	Ordinary shares	100%*	Non-trading
Urban Splash Midlands Limited	England	Ordinary shares	100%	Non-trading
Urban Splash Walsall Limited	England	Ordinary shares	100%*	Non-trading
Urban Splash Eight Limited	England	Ordinary shares	100%	Non-trading
Urban Splash Homes Limited	England	Ordinary shares	100%	Non-trading
Lease To Us 1 Limited	England	Ordinary shares	100%*	Dormant
Lease To Us 2 Limited	England	Ordinary shares	100%*	Dormant
Lease To Us 3 Limited	England	Ordinary shares	100%*	Dormant
Lease To Us 4 Limited	England	Ordinary shares	100%*	Dormant
Lease To Us 5 Limited	England	Ordinary shares	100%*	Dormant
Lease To Us 6 Limited	England	Ordinary shares	100%*	Dormant
Lease To Us 7 Limited	England	Ordinary shares	100%*	Dormant
Lease To Us 8 Limited	England	Ordinary shares	100%*	Dormant
New Islington Facilities Management Company Limited	England	Ordinary shares	100%*	Dormant
Lister Velvet Mill Management Company Limited	England	Ordinary shares	100%*	Dormant
Chips Building Management Company Limited	England	Ordinary shares	100%*	Dormant

* indirect holding

Urban Splash Group Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

6. Debtors

	2016 £	2015 £
Trade debtors	–	21,184
Amounts owed by group undertakings	24,766,131	16,914,116
Directors' current accounts	11,854	13,374
Other debtors	401	18,987
	<u>24,778,386</u>	<u>16,967,661</u>

7. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	–	60,470
Amounts owed to group undertakings	21,521,107	13,707,603
Amounts owed to undertakings in which the company has a participating interest	4,668,588	4,668,588
Accruals and deferred income	4,500	4,000
	<u>26,194,195</u>	<u>18,440,661</u>

Amounts owed to related parties represents a loan from the shareholders of the ultimate parent company, further details are included in note 11. No interest is payable on the shareholder loan, which is secured through a fixed charge on the freehold properties of certain group companies, together with a floating charge over the company's assets.

8. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No	£	No	£
Ordinary shares of £1 each	1,993,600	1,993,600	1,993,600	1,993,600
"A" Ordinary shares of £0.20 each	82,648	16,530	82,648	16,530
	<u>2,076,248</u>	<u>2,010,130</u>	<u>2,076,248</u>	<u>2,010,130</u>

Urban Splash Group Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

9. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

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

Other reserves - During the year ended 31 March 2009 the Urban Splash Employee Benefit Trust purchased 42,400 shares from a shareholder for a cash consideration of £1,655,808 resulting in the creation of the reserve for investment in own shares.

Certain shares of the company were held by the Urban Splash Employee Benefit Trust which, following the restructure of the Urban Splash Group, became surplus to requirement. In April 2016, the company purchased 42,400 ordinary shares ("Trust Shares") and all of the A ordinary shares ("Nominee Shares") for nil consideration. The company treated the Trustee transfers and the Nominee transfers as a gift of the Trust Shares and the Nominee Shares for nil consideration (within section 659(1) Companies Act 2006); and on the basis that the gift did not constitute a purchase of shares under Part 18 Companies Act 2006, then neither section 724 (treasury shares) nor section 706 (shares to be cancelled if section 724 does not apply) of the Companies Act 2006 applied. Therefore, the shares continued to exist, and the company was entered on the register of members of the company as holder of shares. Following the share buy-back, the Urban Splash Employee Benefit Trust was wound up.

10. Contingencies

During the prior year, the ultimate parent company's shareholders purchased all debt and accrued interest due to HSBC plc. All terms and conditions of the facility agreements remain in place, and under these agreements, the company has provided unlimited multilateral guarantees in respect of certain of the group's loan balances. At the year end, the contingent liability in respect of the guarantees was £36,236,299 (2015: £36,236,299).

During the year ended 31 March 2009 a debenture was created by the company to secure all monies due or to become due to HSBC plc, the benefit of which was transferred to the shareholders of the ultimate parent company in the prior year.

11. Related party transactions

As a subsidiary undertaking of Urban Splash Holdings 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 Holdings Limited.

During the year ended 31 March 2009 the company received a loan of £250,000 from TBI 2000 Limited, a company in which Mr. T.P.R. Bloxham M.B.E. is materially interested as a director and shareholder, during the prior year, this loan was repaid.

Amounts owed to related parties less than one year includes a loan of £4,668,588 (2015: £4,668,588) to the shareholders of the ultimate parent company. During the year, £nil (2015: £1,377,720) was repaid.

Urban Splash Group Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

12. Controlling party

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

Urban Splash 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.

13. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 October 2014.

No transitional adjustments were required in equity or profit or loss for the year.