

**Urban Splash Holdings Limited and subsidiary
undertakings**

Financial Statements

30 September 2018



Urban Splash Holdings Limited and subsidiary undertakings

Financial Statements

Year ended 30 September 2018

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Urban Splash Holdings Limited and subsidiary undertakings

Chairman's Statement

Year ended 30 September 2018

I felt a bit nostalgic reflecting on the 2018 financial year. Urban Splash turned 25 years old on 19th July 2018 and that night we held one of the best parties Manchester has seen. In that same month, we sold Ducie House; I originally bought the building to prevent it being demolished, before running it as one of Manchester's first creative hubs and home to Home nightclub. In that period its value increased 36-fold under our ownership.

But we are looking forward not back, and the year ended 30th September 2018 has put us in a great place to make the most of what the future holds.

The year brought with it the best ever set of results since the group's restructure in 2013, with profits of £18.1 million (2017: £6.5 million) which includes a £14.7 million (2017: £3.6 million) increase in the value of our commercial property assets. I am also pleased to report strong cash reserves of £14.6 million (2017: £17.3 million) at the year end.

Our House business, which delivers our modular family housing concept, has been, and will continue to be, a major focus for Urban Splash. In March 2018, we acquired the trade and assets of SIG Building Systems Limited, the company which manufactured our first products, Town House and Fab House which resulted in the formation of Urban Splash Modular ('USM'). This acquisition has allowed us to vertically integrate all aspects of the delivery of our modular housing allowing us to take full control. The acquisition affirmed our commitment to modular construction and complements our desire to drive innovation and design excellence into everything we do.

In the financial year, we completed 72 of our Houses at Irwell Riverside in Salford, launched 10 "special edition" Fab Houses at Smith's Dock in North Shields, and commenced groundworks on site at Port Loop in Birmingham to prepare for the 2019 arrival of 40 modular homes – the first of 1,000 homes which will be created there in due course. The growing reputation of our Town House home has resulted in a number of awards in the year, most notably Estates Gazette's "Future of Real Estate" award.

The current year should prove to be equally as busy for House; we hope to be on site in Manchester and Walsall in 2019 to deliver 171 new homes including our first Mansion House apartment block.

Our regeneration schemes continue to be a very important part of the business. We are progressing well with the redevelopment of Avro in Manchester bringing some of the largest apartments in the city to the market. Sales have been strong; the first phase is already sold out – a sign that city centre living is maturing.

Since the year end, we have also completed the remaining penthouse 'roof pods' – at Velvet Mill in Bradford – finalising our transformation of Lister Mills. We continue to progress our plans to complete the development of Royal William Yard in Plymouth and hope to be on site in 2019 at the Melville building which has secured an excellent pipeline of pre-lets including the Everyman Cinema.

We continue to grow our joint venture partnerships; with Places for People ('PFP') we are currently working up detailed plans for the development of circa 500 homes at Campbell Park in Milton Keynes. We are onsite with the second phase of Park Hill in Sheffield – as well as continuing our delivery of the aforementioned first phase of Port Loop in Birmingham. Our joint development of Smith's Dock in North Shields has also progressed with two new, waterfront Smokehouses apartment buildings completing early in 2019, while our collaborative plans for further developments there are at an advanced stage. We are also making good progress with 136 apartments in Bristol in the Copper Building, Lakeshore which is expected to complete in 2019.

Since the year end we have also established another new joint venture – announcing our first partnership with property company Peel in January 2019. It will see us deliver a new residential quarter at Wirral Waters comprising more than 300 of our modular Houses. In October 2018, we also entered into a joint venture with the Property Alliance Group to deliver 156 apartments at Irwell Riverside.

In total we now have a pipeline of over 3,000 homes across our standalone business and our joint ventures.

Urban Splash Holdings Limited and subsidiary undertakings

Chairman's Statement *(continued)*

Year ended 30 September 2018

Working with our partners, Pears, our commercial property portfolio remains equally as active. During the financial year, we carried out a number of strategic building disposals and a program of refurbishment of existing stock. The rent roll across the portfolio has increased, and voids have reduced to historic lows. We continued to invest in our portfolio to improve our customer experience with significant works completed at the Tea Factory and Vanilla Factory in Liverpool and at Boat Shed in Salford during the year, and in the period since, we have commenced works at the Matchworks in South Liverpool where we are investing in the creation of new amenities for our occupiers.

We have also been enhancing our wholly owned commercial portfolio. Following a £1.5m refurbishment, Beehive Mill in Ancoats is over 90% let and we acquired a new investment property at Crabtree Lane in Openshaw in July 2018.

The investment income of our commercial portfolio was £7.6 million (2017: £7.4 million) and the portfolio recorded revaluation gains of £14.7 million (2017: £3.6 million).

In the prior year, we established an Urban Splash residential investment vehicle (Urban Splash UK Residential LLP) which holds Urban Splash developed residential property for rent and have successfully concluded its first funding round, securing approximately £20 million of investment. The vehicle, which is not part of the group but which is managed by Urban Splash, acquired 20 properties in the year and has a pipeline of 190. I firmly believe in residential property as a secure long-term investment and hope to see this grow significantly in the years to come.

We continue to manage a portfolio of over 700 rented homes for several third party investors and our 14 years' experience of working in the private rented sector coupled with our management systems, in-house sales and maintenance teams has allowed us to maintain very high occupancy levels.

I am delighted to report total comprehensive income for the year of £18.1 million (2017: £6.5 million), the increase on the prior year is mainly due to a higher revaluation of commercial properties. Turnover for the year was £36.3 million (2016 - £19.1 million), the increase reflecting the completion of the Irwell Riverside development project during the year.

The sale of a number of commercial properties and the completion of the Irwell Riverside development enabled the group to reduce third party debt by £14.5 million to £62.4 million (2017: £76.9 million). Cash profits were largely recycled into investment in commercial properties and the acquisition of new assets resulting in a reduction in cash at the end of the year. Cash balances stood at £14.6 million (2017: £17.3 million).

We increased our total number of awards to over 400, winning 14 awards during the year of which over half related to House and all of which continue to acknowledge the quality of our design and recognise our innovation.

We live in very uncertain times both at home and abroad which makes it difficult to plan, particularly when you have big ideas. I can't predict the future but I do want to help mould the future and I know that people will still be working in well-designed office spaces, that there will be a demand for beautiful loft apartments and that the UK still doesn't build enough homes to house its growing population and so the future for Urban Splash remains as exciting as ever.

Finally, my thanks go to all our supporters, funders, partners and suppliers and above all my very talented colleagues. Early on in life I realised the only way I would become successful was by surrounding myself with people more clever and better than me, I am very privileged and grateful to work with all sorts of wonderful people who share our ambition of trying to leave our cities a little bit better, greater and more beautiful than we found them.

Tom Bloxham M.B.E.

4 March 2019



Urban Splash Holdings Limited and subsidiary undertakings

Strategic Report

Year ended 30 September 2018

Principal activities

The principal activities of the group are property development, property manufacture, property management and property investment. The principal activity of the company is that of a holding company.

Business review

Urban Splash is the leader in its field; it has an established reputation as a pioneer, an advocate of modern design and a record of innovative and exciting development and regeneration. The group works exclusively with brown-field sites in regeneration areas and is renowned for its ability to deliver on its own or in partnership with others. It works with communities and builds on the strengths that exist in areas working 'with the grain' to come up with something extra special.

Strategic review including key performance indicators

Throughout the year, the group has actively grown its development pipeline, made significant progress on active development sites, invested in its commercial properties and acquired the business which manufactures its modular housing product.

Much of the group's operational risk rests with its development activities which are often in challenging locations or speculative in nature. The strategic approach and mechanism to deliver development projects emphasises keeping financial and operational risk low by carrying out larger scale developments in joint venture arrangements whilst building strong and regular income streams from development and asset management services provided to those joint ventures and third parties. Smaller scale developments are financed from shareholder equity with conservative levels of third party debt.

Following the acquisition of the trade and assets of SIG Building Systems Limited during the year, the group now has further operational risk and working capital exposure through the ownership of a manufacturing facility which needs to operate efficiently and cost effectively. Operational and financial risk is reduced by keeping output consistent, continually improving processes, procurement and design and by growing the pipeline of demand for our House business.

Turnover was £36.3 million for the year (2017: £19.1 million). Profit before interest and tax was £24.6 million (2017: £9.1 million). A revaluation of our commercial properties has shown an increase in value of £14.7 million (2017: £3.6 million), principally reflecting the sales value of exchanged contracts for the sale of certain properties which completed after the year end. However, the increase also reflected increases in income, some yield compression but also value generated from the continued investment in the group's commercial property, particularly the Tea Factory and Vanilla Factory in Liverpool.

As result of commercial property sales and the completion of the pre-sold Irwell Riverside House project, third party net debt reduced by £14.5 million from £76.9 million at 30 September 2017 to £62.4 million. Net cash balances reduced by £2.7 million to £14.6 million at the year end reflecting the acquisition of new properties, investment in commercial property stock and the acquisition of the trade and assets of SIG Building Systems during the year.

The group recorded a total comprehensive income for the year of £18.1 million (2017: £6.5 million) and reports net assets of £11.1 million having reversed the net liabilities of £7.0 million reported in the prior year, an improvement of £18.1 million. The reported net asset position of the group is affected by the write-down of acquired goodwill and historic losses suffered on the cancellation of swaps contracts in a prior year, neither of which resulted in any cash outflows.

The directors have prepared an adjusted statement of comprehensive income to provide greater clarity over the underlying financial standing of the group.

The directors expect the overall level of activity of the group to grow in the following years.

Urban Splash Holdings Limited and subsidiary undertakings

Strategic Report *(continued)*

Year ended 30 September 2018

Adjusted statement of financial position

	Audited at 30 September 2018	Adjustments	As adjusted at 30 September 2018	As adjusted at 30 September 2017
	£000s	£000s	£000s	£000s
Fixed assets	101,269	–	101,269	90,172
Current assets	28,858	–	28,858	33,869
Current liabilities (1)	(51,830)	40,405	(11,425)	(15,796)
Long term liabilities	(67,159)	–	(67,159)	(74,825)
Net assets	<u>11,138</u>	<u>40,405</u>	<u>51,543</u>	<u>33,420</u>

Notes

1. In October 2014, the company's shareholders purchased all rights and entitlements to the remaining HSBC debt from HSBC. The nominal value of the debt and accrued interest purchased by the shareholders, which bears no interest, is regarded as quasi-equity by the directors and is therefore added back to the net asset position as if the debt was equity. The debt will however continue to be presented as a liability in the group's balance sheet until it is otherwise restructured into permanent equity.

Financial risk management objectives and policies

The group, as with all businesses, is exposed to a number of risks and uncertainties that can affect its operational and financial performance in both the short and long term. The key risks and uncertainties based on the deep-seated knowledge and understanding of the industry and the substantial experience of the group's directors, together with how they are managed are outlined below.

Liquidity

Funding may not be available to finance the group's or its joint venture operations. The directors ensure that all the group's development schemes (either in joint ventures or on balance sheet) are fully funded with committed equity or debt finance before they start on-site. The directors closely manage the day to day liquidity position through detailed daily and monthly cash flow forecasts for the group which are reviewed regularly by the board against established minimum group-wide cash targets. Cash flow forecasts are prepared for all operational companies / divisions and spending commitments regularly reviewed against those forecasts.

Health and safety

Accidents and incidents in the factory and on building sites and buildings owned, developed and managed by the group can result in serious injury and possibly loss of life. As the group has historically constructed and managed most of its commercial and residential buildings in-house and now has a manufacturing facility, addressing health and safety is paramount and a key focus of the board. The group has dedicated, well trained health and safety staff and extensively uses third parties to monitor compliance. Training and site procedures are reviewed regularly to ensure the highest standards are continually maintained. Health and safety is reported on in detail at all board meetings.

Mortgage availability

The current market conditions and regulatory changes in the mortgage industry can make it hard for many of the group's customers to access sufficient mortgage finance due to more stringent bank lending criteria. As most of the group's customers need mortgage finance to complete purchases, this could have a detrimental impact on sales levels. The status of all sales where mortgages are required is closely monitored and reviewed by the board. The group works closely and pragmatically with all customers and mortgage lenders to try and resolve the many issues that arise through the completion process. Where possible, the group tries to take advantage of government backed schemes such as Help to Buy to increase sales to owner occupiers.

Economic outlook

As a property developer, investment property owner, asset manager and manufacturer, the group is exposed to factors affecting the wider economy such as interest rates, inflation, consumer confidence, economic growth, uncertain political climate and levels of employment. Adverse impacts on any of these

Urban Splash Holdings Limited and subsidiary undertakings

Strategic Report *(continued)*

Year ended 30 September 2018

factors can reduce demand for the groups new homes, increase costs and reduce income from commercial and residential rentals and asset management fees. The cyclical nature of the market is recognised by the directors. Forward investment decisions and commitments are closely monitored and financial risks aimed to be mitigated by maintaining headroom against all covenants and holding sufficient cash reserves. The uncertain outcome of the negotiations over the UK's future relationship with the EU have been taken into consideration by the directors when considering the strategy of the group and consequently, a reduced risk appetite has been adopted given this uncertainty and the prospect of an economic down turn.

Rental demand

The group manages large portfolios of both commercial and residential property and rental cash flows or management fees generated from properties under management now represent a significant proportion of total group revenue. Generating a high demand and retaining a high level of occupation is essential. In providing well designed, unique and affordable office space and homes, the group is able to generate demand and maintain occupancy at high levels. In managing all of its commercial and residential property it has developed, the group takes a very customer focussed approach to property management which in turn helps to maintain standards and support high occupation.

Development costs and programme

Remaining within tight construction budgets and programmes is essential for scheme profitability and remaining within established funding criteria. The group undertakes some construction in-house and now has its own volumetric manufacturing facility and as a result is exposed to all cost and delivery risks which might otherwise be passed on to a main contractor. Other developments are procured from main contractors to reduce exposure to cost and delivery risks. The board regularly monitors factory progress, performance and quality assurance against agreed contract and delivery programs. The group retains close control of procurement, cost commitments and scheme progress against programme through detailed reporting on all schemes at monthly board meetings.

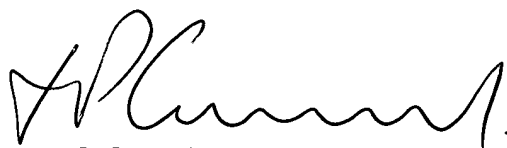
Government housing policy

Government policy on housing, the environment, purchase assistance and funding, particularly for regeneration projects and affordable housing has a significant impact on the group's future development activity and many other aspects of its business. The directors actively engage with government officials at both a national and regional level and monitor closely actual and likely developments in policy. Where appropriate, directors make representations on policy formation and future direction.

Planning process

If planning consents are delayed or rejected, the ability of the group to grow will be significantly constrained. The group has a strong track record of achieving successful planning applications. This is because we believe no two sites are the same and each scheme deserves a unique response. The skills of the group's development team, the quality and vision of the architects we use and our engagement with all parties throughout the process from local authorities to local residents has ensured that planning decisions have been favourable.

This report was approved by the board of directors on 4 March 2019 and signed on behalf of the board by:



Mr. J.P. Curnuck
Director

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

Urban Splash Holdings Limited and subsidiary undertakings

Directors' Report

Year ended 30 September 2018

The directors present their report and the audited financial statements of the group for the year ended 30 September 2018.

Financial risk management

The group's financial risk management objectives and policies are presented in the Strategic Report.

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
Mr. N.J. Cornish

Dividends

The directors do not recommend the payment of a dividend (2017 - same).

Events after the end of the reporting period

Particulars of events after the reporting date are detailed in note 27 to the financial statements.

Going concern

The directors wish to draw attention to the statement of accounting policies regarding the basis of preparation of the financial statements. The financial statements have been prepared on the going concern basis.

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 FRS 102 "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 group and the company and the profit or loss of the group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

Urban Splash Holdings Limited and subsidiary undertakings

Directors' Report *(continued)*

Year ended 30 September 2018

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; and
- this confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act.

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 4 March 2019 and signed on behalf of the board by:



Mr. J.P. Curnuck
Director

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

Urban Splash Holdings Limited and subsidiary undertakings

Independent Auditor's Report to the Members of Urban Splash Holdings Limited and subsidiary undertakings

Year ended 30 September 2018

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Urban Splash Holdings Limited and subsidiary undertakings (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated statement of financial position;
- the company statement of financial position;
- the consolidated statement of changes in equity;
- the company statement of changes in equity;
- the consolidated statement of cashflows; and
- the related notes 1 to 28.

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).

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 are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Urban Splash Holdings Limited and subsidiary undertakings

Independent Auditor's Report to the Members of Urban Splash Holdings Limited and subsidiary undertakings (continued)

Year ended 30 September 2018

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 respect of these matters.

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 group's and the parent 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 group or the parent 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 on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 report and directors' report has been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

Urban Splash Holdings Limited and subsidiary undertakings

Independent Auditor's Report to the Members of Urban Splash Holdings Limited and subsidiary undertakings *(continued)*

Year ended 30 September 2018

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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.



Jonathan Dodworth (Senior Statutory Auditor)
For and on behalf of
DELOITTE LLP
Statutory Auditor
Birmingham
United Kingdom

4th March 2019

Urban Splash Holdings Limited and subsidiary undertakings

Consolidated Statement of Comprehensive Income

Year ended 30 September 2018

		2018 £	2017 £
Turnover	Note 4	36,273,150	19,127,564
Cost of sales		(20,896,878)	(7,611,559)
Gross profit		<u>15,376,272</u>	<u>11,516,005</u>
Administrative expenses (including profit on disposal of fixed assets of £4,031,273 (2017: £2,908,277))		(5,940,176)	(6,601,450)
Other operating income	5	600,000	–
Revaluation of tangible assets		<u>14,743,060</u>	<u>3,630,944</u>
Operating profit	6	<u>24,779,156</u>	<u>8,545,499</u>
Share of (loss)/profit of joint ventures	14	(207,296)	554,323
Other interest receivable and similar income	9	213,140	204,421
Interest payable and similar expenses	10	(3,511,660)	(2,112,012)
Profit before taxation		<u>21,273,340</u>	<u>7,192,231</u>
Tax on profit	11	(3,150,002)	(726,667)
Profit for the year and total comprehensive income		<u><u>18,123,338</u></u>	<u><u>6,465,564</u></u>
Total comprehensive income for the year attributable to:			
The owners of the parent company		17,630,104	6,402,527
Non-controlling interests		<u>493,234</u>	<u>63,037</u>
		<u><u>18,123,338</u></u>	<u><u>6,465,564</u></u>

All the activities of the group are from continuing operations.

The notes on pages 18 to 43 form part of these financial statements.

Urban Splash Holdings Limited and subsidiary undertakings

Consolidated Statement of Financial Position

30 September 2018

	Note	2018 £	2017 £
Fixed assets			
Negative goodwill	12	(1,468,615)	—
Tangible assets	13	100,751,212	87,978,631
Investments:	14		
Investments in joint-ventures		1,986,396	2,193,192
		<u>101,268,993</u>	<u>90,171,823</u>
Current assets			
Stocks	15	8,788,349	10,874,541
Debtors	16	5,465,384	5,691,211
Cash at bank and in hand		14,604,187	17,303,473
		<u>28,857,920</u>	<u>33,869,225</u>
Creditors: amounts falling due within one year	17	(51,830,211)	(56,201,423)
Net current liabilities		<u>(22,972,291)</u>	<u>(22,332,198)</u>
Total assets less current liabilities		78,296,702	67,839,625
Creditors: amounts falling due after more than one year	18	(63,052,280)	(73,606,962)
Provisions			
Taxation including deferred tax	19	(4,106,344)	(1,217,923)
Net assets/(liabilities)		<u>11,138,078</u>	<u>(6,985,260)</u>
Capital and reserves			
Called up share capital	22	100	100
Revaluation reserve	23	38,528,226	25,580,929
Profit and loss account	23	(26,830,047)	(31,512,854)
Equity attributable to the owners of the parent company		11,698,279	(5,931,825)
Non-controlling interests		(560,201)	(1,053,435)
		<u>11,138,078</u>	<u>(6,985,260)</u>

These financial statements were approved by the board of directors and authorised for issue on ~~4 March 2019~~, and are signed on behalf of the board by:



Mr. J.P. Curnuck
Director

Company registration number: 08328215

The notes on pages 18 to 43 form part of these financial statements.

Urban Splash Holdings Limited and subsidiary undertakings

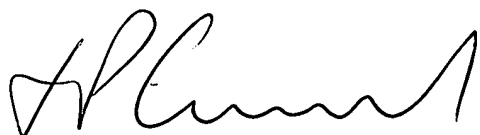
Company Statement of Financial Position

30 September 2018

	Note	2018 £	2017 £
Fixed assets			
Investments	14	6	5
Current assets			
Debtors	16	100	100
Creditors: amounts falling due within one year	17	(6)	(5)
Net current assets		<u>94</u>	<u>95</u>
Total assets less current liabilities and net assets		<u>100</u>	<u>100</u>
Capital and reserves			
Called up share capital	22	<u>100</u>	<u>100</u>
Members' funds		<u>100</u>	<u>100</u>

The profit for the financial year of the parent company was £Nil (2017: £Nil).

These financial statements were approved by the board of directors and authorised for issue on ~~4 March 2019~~ and are signed on behalf of the board by:



Mr. J.P. Curnuck
Director

Company registration number: 08328215

The notes on pages 18 to 43 form part of these financial statements.

Urban Splash Holdings Limited and subsidiary undertakings

Consolidated Statement of Changes in Equity

Year ended 30 September 2018

	Note	Called up share capital £	Revaluation reserve £	Profit and loss account £	Equity attributable to the owners of the parent company £	Non- controlling interests £	Total £
At 1 October 2016		100	23,286,517	(35,620,969)	(12,334,352)	(1,168,672)	(13,503,024)
Profit for the year			3,596,245	2,806,282	6,402,527	63,037	6,465,564
Reclassification from revaluation reserve to profit and loss account		-	(1,301,833)	1,301,833	-	-	-
Total comprehensive income for the year		-	2,294,412	4,108,115	6,402,527	63,037	6,465,564
Issue of shares		-	-	-	-	3	3
Share premium paid by minority interests		-	-	-	-	52,197	52,197
Total investments by and distributions to owners		-	-	-	-	52,200	52,200
At 30 September 2017		100	25,580,929	(31,512,854)	(5,931,825)	(1,053,435)	(6,985,260)

The consolidated statement of changes in equity
continues on the following page.
The notes on pages 18 to 43 form part of these financial statements.

Urban Splash Holdings Limited and subsidiary undertakings

Consolidated Statement of Changes in Equity *(continued)*

Year ended 30 September 2018

		Called up share capital £	Revaluation reserve £	Profit and loss account £	Equity attributable to the owners of the parent company £	Non- controlling interests £	Total £
	Note						
Profit for the year			14,397,297	3,232,807	17,630,104	493,234	18,123,338
Reclassification from revaluation reserve to profit and loss account		–	(1,450,000)	1,450,000	–	–	–
Total comprehensive income for the year		–	12,947,297	4,682,807	17,630,104	493,234	18,123,338
At 30 September 2018		100	38,528,226	(26,830,047)	11,698,279	(560,201)	11,138,078

The notes on pages 18 to 43 form part of these financial statements.

Urban Splash Holdings Limited and subsidiary undertakings

Company Statement of Changes in Equity

Year ended 30 September 2018

	Called up share capital £	Profit and loss account £	Total £
At 1 October 2016	100	–	100
Result for the year		–	–
At 30 September 2017	100	–	100
Result for the year		–	–
At 30 September 2018	<u>100</u>	<u>–</u>	<u>100</u>

The notes on pages 18 to 43 form part of these financial statements.

Urban Splash Holdings Limited and subsidiary undertakings

Consolidated Statement of Cash Flows

Year ended 30 September 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	18,123,338	6,465,564
<i>Adjustments for:</i>		
Revaluation	(14,743,060)	(3,630,944)
Depreciation of tangible assets	230,594	84,740
Release of negative goodwill	(604,724)	–
Fair value adjustment of stocks	2,073,340	–
Share of profit of joint ventures	207,296	(554,323)
Other interest receivable and similar income	(213,140)	(204,421)
Interest payable and similar expenses	3,511,660	2,112,012
Gains on disposal of tangible assets	(4,031,273)	(3,161,302)
Tax on profit	3,150,002	726,667
Fixed asset to stock transfer	222,072	–
<i>Changes in:</i>		
Stocks	2,191,668	(3,907,465)
Trade and other debtors	350,481	(275,802)
Trade and other creditors	(948,611)	893,092
Cash generated from operations	9,519,643	(1,452,182)
Interest paid	(2,620,805)	(503,536)
Interest received	88,266	98,459
Tax received	–	103,298
Net cash from/(used in) operating activities	<u>6,987,104</u>	<u>(1,753,961)</u>
Cash flows from investing activities		
Purchase of tangible assets	(5,124,887)	(5,932,070)
Proceeds from sale of tangible assets	11,097,473	5,733,277
Purchase of intangible assets	(1)	–
Proceeds from sale of subsidiaries	–	329,606
Acquisition of trade and assets	(423,500)	–
Net cash from investing activities	<u>5,549,085</u>	<u>130,813</u>
Cash flows from financing activities		
Proceeds from issue of ordinary shares	–	52,200
Proceeds from borrowings	6,186,005	39,174,807
Repayments of borrowings	(21,421,480)	(34,166,659)
Net cash (used in)/from financing activities	<u>(15,235,475)</u>	<u>5,060,348</u>
Net (decrease)/increase in cash and cash equivalents	<u>(2,699,286)</u>	<u>3,437,200</u>
Cash and cash equivalents at beginning of year	<u>17,303,473</u>	<u>13,866,273</u>
Cash and cash equivalents at end of year	<u>14,604,187</u>	<u>17,303,473</u>

The notes on pages 18 to 43 form part of these financial statements.

Urban Splash Holdings Limited and subsidiary undertakings

Notes to the Financial Statements

Year ended 30 September 2018

1. General information

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

2. 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'.

3. Accounting policies

Basis of preparation

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.

Urban Splash Holdings Limited and subsidiary undertakings

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

3. Accounting policies *(continued)*

Going concern

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 5.

The group has net debt of £88.9 million as at 30 September 2018, comprising £103.5 million of debt and £14.6 million in cash. The debt is provided through a number of secured facilities from banks, the group's shareholders and a private company. At 31 December 2018 total net debt, was £82.2 million.

The principal components of the group's funding at 31 December 2018 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;
- a term bank loan facility totalling £22.2 million excluding accrued interest under a facility which expires on 28 September 2022.
- an unsecured, subordinated £15.9 million loan facility, including accrued interest, provided by a private company, which becomes repayable on 28 September 2022;
- a term bank loan facility totalling £5.3 million excluding accrued interest under a facility which expires on 25 August 2022.
- £11.8 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.

The economic environment remains positive however, 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.

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 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.

Urban Splash Holdings Limited and subsidiary undertakings

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

3. Accounting policies *(continued)*

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.

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.

Disclosure exemptions

Urban Splash Holdings Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to prior year comparatives for investment movements, financial instruments, presentation of a cash flow statement, related party transactions with wholly-owned subsidiaries and remuneration of key management personnel.

Consolidation

The financial statements consolidate the financial statements of Urban Splash Holdings Limited and subsidiary undertakings and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

Urban Splash Holdings Limited and subsidiary undertakings

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

3. Accounting policies *(continued)*

Non-controlling interests

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

The proportions of profit or loss and changes in equity allocated to the owners of the parent and to the minority interests are determined on the basis of existing ownership interests and do not reflect the possible exercise or conversion of options or convertible instruments.

Judgements and key sources of estimation and uncertainty

In the application of the group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 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.

Revenue is recognised when the group has obtained the right to receive consideration in exchange for its performance under contracts for sale or rental. Revenue is recognised on sales of apartments and commercial units when the notice for legal completion is served on the purchaser at the point of the completion of the group's obligations to the purchaser under the contract for sale. Rents receivable are recognised on a straight line basis over the lease term, even if the rents are not received on such a basis.

Urban Splash Holdings Limited and subsidiary undertakings

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

3. 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 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 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.

Negative goodwill

Negative goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the group's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Negative goodwill is included in the statement of financial position and is credited to the income statement in the periods expected to benefit.

Urban Splash Holdings Limited and subsidiary undertakings

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

3. Accounting policies *(continued)*

Tangible assets

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.

Operational land and buildings

Operational land and buildings represent properties occupied by group companies and therefore cannot be classed as investment properties. These categories of asset are not depreciated as the charge would be immaterial due to the estimated length of remaining useful economic life. All assets within these categories are reviewed annually for impairment.

Development property assets

Development property assets represent land and buildings and other property related assets held for future development or sale. This category of asset is not depreciated as the charge would be immaterial due to the estimated length of remaining useful economic life. All assets within this category are reviewed annually for impairment.

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:

Operational land & buildings	-	Not depreciated
Development property assets	-	Not depreciated
Fixtures, fittings & equipment	-	3 to 5 years straight line

Investments

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

Investments in joint ventures

Investments in joint ventures are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the joint venture.

Urban Splash Holdings Limited and subsidiary undertakings

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

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, with the exception of goodwill.

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.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks of completed properties include all interests in residential schemes comprising apartments, car bays, stores and freehold interests and are stated at the lower of cost and net realisable value. Provision is made for impairment in value where appropriate.

Properties awaiting and under development are valued on the basis of total costs incurred, net of amounts transferred to the profit and loss account in respect of properties sold.

Interest costs incurred in bringing assets to a state where they are ready to be used are capitalised as part of the cost of the asset.

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.

Urban Splash Holdings Limited and subsidiary undertakings

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

3. 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 statement of financial position. Finance costs and gains or losses relating to financial liabilities are included in the statement of comprehensive. 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.

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 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.

Business combinations

Business combinations are accounted for using the purchase method.

The cost of a business combination is measured as the aggregate of the fair values, at the acquisition date, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

Where control is achieved in stages, the cost of the business combination is the aggregate of the fair values of the assets given, liabilities incurred or assumed, and equity instruments issued at the date of each transaction in the series.

Urban Splash Holdings Limited and subsidiary undertakings

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

3. Accounting policies *(continued)*

Business combinations *(continued)*

Where the business combination requires an adjustment to the cost contingent on future events, the estimated amount of that adjustment is included in the cost of the combination at the acquisition date providing it is probable and can be measured reliably. Where it is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration is treated as an adjustment to the cost of the combination.

4. Turnover

Turnover arises from:

	2018 £	2017 £
Asset management fees	798,602	670,154
Asset sales	23,950,937	3,253,335
Commercial rental income	7,560,202	7,433,183
Construction income	1,704,291	5,110,455
Other income	1,347,528	1,664,072
Residential rental income	110,379	163,129
Utility income	801,211	833,236
	<u>36,273,150</u>	<u>19,127,564</u>

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

5. Other operating income

	2018 £	2017 £
Other operating income	<u>600,000</u>	<u>–</u>

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2018 £	2017 £
Release of negative goodwill	(604,724)	–
Depreciation of tangible assets	230,594	84,740
Gains on disposal of tangible assets	(4,031,273)	(2,908,277)
Cost of stocks recognised as an expense	18,325,232	2,398,703
Operating lease rentals	<u>255,936</u>	<u>7,580</u>

Urban Splash Holdings Limited and subsidiary undertakings

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

6. Operating profit *(continued)*

Fees payable to the company's auditor for the audit of the company's financial statements was £10,000 (2017: £9,900) and for the audit of subsidiaries was £100,000 (2017: £94,100).

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

	Year to 30 Sep 18	Year to 30 Sep 17
	£	£
Corporation tax compliance and advice	74,900	73,750
Other taxation advice	32,500	3,000
Corporate finance services	29,550	—
	<u>136,950</u>	<u>76,750</u>

Fees payable to Deloitte LLP and its associates for non-audit services to the company itself are not disclosed in the individual financial statements of Urban Splash Holdings Limited because the company's consolidated accounts are required to disclose such fees on a consolidated basis.

7. Staff costs

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

	2018	2017
	No	No
Administrative staff	64	55
Construction staff	49	17
Sales staff	7	7
Development staff	8	8
	<u>128</u>	<u>87</u>

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

	2018	2017
	£	£
Wages and salaries	5,264,346	4,048,584
Social security costs	549,867	427,492
Other pension costs	148,457	89,587
	<u>5,962,670</u>	<u>4,565,663</u>

During the year £1,334,196 (2017: £793,595) of payroll costs were capitalised or recharged resulting in a payroll charge of £4,628,474 (2017: £3,772,068) to the statement of comprehensive income.

8. Directors' and key management personnels' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2018	2017
	£	£
Remuneration	1,019,816	935,751
Company contributions to defined contribution pension plans	53,120	49,560
	<u>1,072,936</u>	<u>985,311</u>

Urban Splash Holdings Limited and subsidiary undertakings

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

8. Directors' and key management personnels' remuneration *(continued)*

Remuneration of the highest paid director in respect of qualifying services:

	2018 £	2017 £
Aggregate remuneration	174,811	171,098
Company contributions to defined contribution pension plans	11,104	11,104
	<u>185,915</u>	<u>182,202</u>

9. Other interest receivable and similar income

	2018 £	2017 £
Interest on loans and receivables	154,750	184,090
Interest on cash and cash equivalents	55,426	16,290
Interest receivable and similar income	2,964	4,041
	<u>213,140</u>	<u>204,421</u>

10. Interest payable and similar expenses

	2018 £	2017 £
Interest payable on bank loans and similar charges	3,511,660	2,112,012

11. Tax on profit

Major components of tax income

	2018 £	2017 £
Current tax:		
UK current tax income	261,581	–
Tax credit in respect of land remediation from a previous year	–	(103,298)
Total current tax	<u>261,581</u>	<u>(103,298)</u>
Deferred tax:		
Origination and reversal of timing differences	2,888,421	829,965
Tax on profit	<u>3,150,002</u>	<u>726,667</u>

Urban Splash Holdings Limited and subsidiary undertakings

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

11. Tax on profit *(continued)*

Reconciliation of tax expense

The tax assessed on the profit for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 19.50%).

	2018 £	2017 £
Profit before taxation	21,273,340	7,192,231
Profit by rate of tax	4,041,935	1,402,485
Revaluation gains not taxable	(2,801,182)	(708,033)
Effect of expenses not deductible for tax purposes	48,316	(77,859)
Effect of capital allowances and depreciation	(270,787)	13,110
Utilisation of tax losses	(1,032,895)	(728,605)
Movement in short term timing differences	(81,197)	(72,650)
Chargeable gains	1,103,953	775,224
Income not taxable	(746,562)	(603,672)
Deferred tax	2,888,421	829,965
Tax credit in respect of previous years	–	(103,298)
Tax on profit	3,150,002	726,667

Factors that may affect future tax expense

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 2018, unrecognised deferred tax balances have been revalued to the lower rate of 17% in these accounts.

The deferred tax asset (valued at a rate of 17% in both years) was £5,442,571 (2017: £6,506,260) at the end of the year and has not been recognised because, in the opinion of the directors, it is uncertain whether there will be suitable taxable profits available in the foreseeable future.

Analysis of deferred tax asset:-

	2018 £	2017 £
Fixed assets	89,076	88,572
Other losses	4,810,432	5,836,486
Short term timing differences	543,063	581,202
	5,442,571	6,506,260

Urban Splash Holdings Limited and subsidiary undertakings

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

12. Intangible assets

Group	Negative goodwill £
Cost	
At 1 October 2017	–
Additions	(2,073,339)
At 30 September 2018	<u>(2,073,339)</u>
Amortisation	
At 1 October 2017	–
Credit for the year	604,724
At 30 September 2018	<u>604,724</u>
Carrying amount	
At 30 September 2018	<u>(1,468,615)</u>
At 30 September 2017	<u>–</u>

The company has no intangible assets.

Negative goodwill of £2,073,340 arose in the current year on the acquisition of the trade and assets of a modular housing construction business, which is being amortised over 2 years. Further information can be found in note 24.

Urban Splash Holdings Limited and subsidiary undertakings

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

13. Tangible assets

Group	Investment properties £	Operational land & buildings £	Development property assets £	Fixtures, fittings & equipment £	Total £
Cost					
At 1 October 2017	84,003,780	770,000	2,629,390	1,211,874	88,615,044
Additions	4,072,048	–	838,522	637,817	5,548,387
Disposals	(7,041,201)	–	(25,000)	–	(7,066,201)
Revaluations	14,743,061	–	–	–	14,743,061
Transfers	–	–	(438,575)	–	(438,575)
At 30 September 2018	95,777,688	770,000	3,004,337	1,849,691	101,401,716
Depreciation					
At 1 October 2017	–	–	216,503	419,910	636,413
Charge for the year	–	–	–	230,594	230,594
Transfers	–	–	(216,503)	–	(216,503)
At 30 September 2018	–	–	–	650,504	650,504
Carrying amount					
At 30 September 2018	95,777,688	770,000	3,004,337	1,199,187	100,751,212
At 30 September 2017	84,003,780	770,000	2,412,887	791,964	87,978,631

The company has no tangible assets.

Urban Splash Holdings Limited and subsidiary undertakings

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

13. Tangible assets *(continued)*

Investment properties, which are a combination of freehold and leasehold, were valued on an open market existing use basis by Jones Lang LaSalle Limited and Savills (UK) Limited, external firms of chartered surveyors and by a director of the company, who is a chartered surveyor, as follows:-

Current year:-

	July 18 £	Aug 18 £	Sept 18 £	Total £
Jones Lang La Salle Limited	64,095,000	6,980,000	–	71,075,000
Savills (UK) Limited	–	25,063,780	–	25,063,780
Director's valuation	–	–	388,908	388,908
Total	64,095,000	32,043,780	388,908	96,527,688

Prior year:-

	Jun 17 £	Aug 17 £	Sept 17 £	Total £
Jones Lang La Salle Limited	60,110,000	–	–	60,110,000
Savills (UK) Limited	–	23,693,780	–	23,693,780
Director's valuation	–	–	200,000	200,000
Total	60,110,000	23,693,780	200,000	84,003,780

Investment properties are not depreciated. If the investment properties had not been revalued, they would have been included at a historical cost of £56,539,497 (2017: £58,058,651).

Where valuations were performed at dates other than the year end, the directors do not believe there was a material change in value during the intervening periods.

14. Investments

Group	Joint ventures £
Share of net assets/cost	
At 1 October 2017	2,193,692
Share of profit or loss	(207,296)
At 30 September 2018	1,986,396
Impairment	
At 1 October 2017 and 30 September 2018	–
Carrying amount	
At 30 September 2018	1,986,396
At 30 September 2017	2,193,692

Urban Splash Holdings Limited and subsidiary undertakings

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

14. Investments *(continued)*

Company	Shares in group undertakings £
Cost	
At 1 October 2017	5
Additions	1
At 30 September 2018	<u>6</u>
Impairment	
At 1 October 2017 and 30 September 2018	<u>-</u>
Carrying amount	
At 30 September 2018	<u>6</u>
At 30 September 2017	<u>5</u>

Investments in associates and joint ventures

The group has a 50% interest in PFP US JV LLP, a holding company which holds investments in trading subsidiaries which are all property development entities. The accounting reference date for this company is 31 March. During the year, PFP US JV LLP acquired a 100% interest in Campbell Park Limited. The figures included in these financial statements are derived from the un-audited management accounts for the 12 month period to 30 September 2018.

Urban Splash Holdings Limited and subsidiary undertakings

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

14. Investments *(continued)*

Subsidiaries, associates and other investments

The parent company and the group have investments in the following subsidiary and joint venture undertakings:

Name	Country of incorporation	Holding	Proportion of voting rights	Principal activity
Subsidiary undertakings				
Urban Splash Management Limited	England	Ordinary shares	100%*	Head office function
Urban Splash Developments Limited	England	Ordinary shares	100%*	Property development and investment
Urban Splash (RWY) Limited	England	Ordinary shares	100%*	Property investment
Urban Splash (New Cooperage) Limited	England	Ordinary shares	100%*	Dormant
Urban Splash House Limited	England	Ordinary shares	100%*	Property development
Urban Splash New Islington Limited	England	Ordinary shares	100%*	Estate management
Urban Splash Construct Limited	England	Ordinary shares	100%*	Property construction
Urban Splash Modular Limited	England	Ordinary shares	100%	Property construction
Urban Splash Assets 1 Limited	England	Ordinary shares	100%	Property investment
Urban Splash Assets 2 Limited	England	Ordinary shares	100%*	Property investment
Urban Splash Lettings Management Limited	England	Ordinary shares	100%*	Property investment
Urban Splash Walsall 2 Limited	England	Ordinary shares	100%*	Property investment
Urban Splash Group Limited	England	Ordinary shares	95%	Holding company
Urban Splash Limited	England	Ordinary shares	95%*	Property development
Urban Splash Build Limited	England	Ordinary shares	95%*	Non-trading
Urban Splash Work Limited	England	Ordinary shares	95%*	Property investment
Urban Splash Yorkshire Limited	England	Ordinary shares	95%*	Property development
Urban Splash (South West) Limited	England	Ordinary shares	95%*	Property development
Urban Splash (South West) Birnbeck Limited	England	Ordinary shares	95%*	Non-trading
Urban Splash Lakes Limited	England	Ordinary shares	95%*	Property development
New Islington Utilities Company Limited	England	Ordinary shares	95%*	Provision of utilities
Urban Splash (Factory Cooperage) Limited	England	Ordinary shares	100%*	Property development
Urban Splash (Melville) Limited	England	Ordinary shares	100%*	Property development
Urban Splash Plymouth Limited	England	Ordinary shares	100%*	Property development
Urban Splash Investments Limited	England	Ordinary shares	100%	Holding company
Urban Splash (RWY Investments) Limited	England	Ordinary shares	100%*	Holding company

Urban Splash Holdings Limited and subsidiary undertakings

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

14. Investments *(continued)*

Urban Splash Director Limited	England	Ordinary shares	95%*	Holding company
Urban Splash Director 2 Limited	England	Ordinary shares	100%	Dormant
Urban Splash Hotels Limited	England	Ordinary shares	95%*	Non-trading
Urban Splash Walsall Limited	England	Ordinary shares	95%*	Non-trading
Urban Splash Residential Management Limited	England	Ordinary shares	95%*	Non-trading
Urban Splash South West (Bridewell) Limited	England	Ordinary shares	95%*	Non-trading
Urban Splash Eight Limited	England	Ordinary shares	95%*	Non-trading
Urban Splash Homes Limited	England	Ordinary shares	95%*	Non-trading
Urban Splash Midlands Limited	England	Ordinary shares	95%*	Non-trading
Irwell Riverside Management Company Limited	England	Ordinary shares	100%*	Dormant
Avro Building Management Company Limited	England	Ordinary shares	100%*	Dormant
New Islington Facilities Management Company Limited	England	Ordinary shares	95%*	Dormant
DLG Newco 2 Limited	England	Ordinary shares	100%	Dormant
DLG Newco 3 Limited	England	Ordinary shares	100%	Dormant
Lease To Us 1 Limited	England	Ordinary shares	95%*	Dormant
Lease To Us 2 Limited	England	Ordinary shares	95%*	Dormant
Lease To Us 5 Limited	England	Ordinary shares	95%*	Dormant
Lease To Us 6 Limited	England	Ordinary shares	95%*	Dormant
Irwell Riverside Developments Limited	England	Ordinary shares	95%*	Dormant
Urban Splash (Brownsfield Mill) Limited	England	Ordinary shares	100%*	Property development
Urban Splash Commercial 2017 Limited	England	Ordinary shares	100%	Property investment
Joint ventures				
Urban Splash (Park Hill) Limited	England	Ordinary shares	50%*	Property development
Smiths Dock LLP	England	Membership interest	50%*	Property development
Lakeshore Timber LLP	England	Membership interest	50%*	Property development
4 Canal Street Limited	England	Ordinary shares	50%*	Property investment
PFP US Residential (Park Hill) Limited	England	Ordinary shares	50%*	Property investment
PFP US JV LLP	England	Membership interest	50%*	Holding company
PFP US JV (Nominee 1) Limited	England	Ordinary shares	50%*	Dormant
Park Hill Estate Management Company Limited	England	Ordinary shares	50%*	Dormant
PFP US (IPL) LLP	England	Membership interest	50%*	Property development
PU Properties (Salford) Limited	England	Ordinary shares	50%*	Property investment
Icknield Port Loop LLP	England	Ordinary shares	25%*	Property development
Campbell Park Limited	England	Ordinary shares	50%*	Property development
Park Hill Management (Estate) Limited	England	Ordinary shares	50%*	Dormant

Urban Splash Holdings Limited and subsidiary undertakings

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

14. Investments *(continued)*

Port Loop Estate Management Limited	England	Ordinary shares	25%*	Dormant
Park Hill Phase 2 Management Limited	England	Ordinary shares	50%*	Dormant
Park Hill Phase 3 Management Limited	England	Ordinary shares	50%*	Dormant
Park Hill Phase 4 Management Limited	England	Ordinary shares	50%*	Dormant
Park Hill Phase 5 Management Limited	England	Ordinary shares	50%*	Dormant

* These investments are held indirectly.

The registered office of the subsidiaries and joint ventures is Timber Wharf, 16-22 Worsley Street, Manchester, M15 4LD with the exception of Icknield Port Loop LLP (First Floor Station House, 500 Elder Gate, Milton Keynes, Buckinghamshire, MK9 1BB) and PU Properties (Salford) Limited (Ground Floor, 30 City Road, London, England, EC1Y 2AB).

During the year, the group acquired a 100% investment in the ordinary share capital of Urban Splash Modular Limited, which purchased the trade and assets of a modular housing construction business.

15. Stocks

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Completed properties	1,412,661	1,958,274	–	–
Raw materials	280,612	–	–	–
Properties awaiting and under development	7,095,076	8,916,267	–	–
	<u>8,788,349</u>	<u>10,874,541</u>	<u>–</u>	<u>–</u>

Stock includes £26,525 (2017: £26,525) of capitalised interest.

Urban Splash Holdings Limited and subsidiary undertakings

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

16. Debtors

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	1,182,773	736,920	–	–
Amounts owed by related parties	2,571,399	2,459,581	–	–
Prepayments and accrued income	1,534,598	2,135,213	–	–
Directors' current accounts	151	220	–	–
Other debtors	176,463	359,277	100	100
	<u>5,465,384</u>	<u>5,691,211</u>	<u>100</u>	<u>100</u>

The debtors above include the following amounts falling due after more than one year:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Other debtors	<u>125,521</u>	<u>–</u>	<u>–</u>	<u>–</u>

All amounts owed by related parties are repayable on demand and no interest is charged, with the exception of the balance due from 4 Canal Street Limited and PU Properties (Salford) Limited, further details are included in note 28.

17. Creditors: amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans	–	3,898,513	–	–
Deposits held	866,398	933,208	–	–
Trade creditors	2,959,419	3,120,299	–	–
Amounts owed to group undertakings	–	–	4	3
Amounts owed to related parties	40,756,267	40,600,150	–	–
Accruals and deferred income	6,266,369	6,180,644	–	–
Corporation tax	261,581	–	–	–
Social security and other taxes	240,899	964,271	–	–
Other creditors	479,278	504,338	2	2
	<u>51,830,211</u>	<u>56,201,423</u>	<u>6</u>	<u>5</u>

All amounts owed to related parties are repayable on demand and no interest is charged.

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

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans	39,752,883	44,765,706	–	–
Accruals and deferred income	636,188	636,188	–	–
Other loans	22,663,209	28,205,068	–	–
	<u>63,052,280</u>	<u>73,606,962</u>	<u>–</u>	<u>–</u>

Urban Splash Holdings Limited and subsidiary undertakings

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

Bank loans represents the net of total loans outstanding of £40,424,370 (2017 £45,448,794) less prepaid loan arrangement and associated fees of £671,487 (2017 £683,088) which are charged to the statement of comprehensive income over the term of the loan.

Group borrowings are repayable as follows:-

	2018 £	2017 £
In one year or less	40,404,886	44,303,399
Between two and five years	63,087,579	73,653,862
	<u>103,492,465</u>	<u>117,957,261</u>
Less prepaid fees	(671,487)	(683,088)
	<u>102,820,978</u>	<u>117,274,173</u>

Interest on debt repayable within one year is chargeable as follows:

	2018 £	2017 £
Amounts owed to related parties (0%)	40,404,886	40,404,886
Bank loans (3.75% above LIBOR)	-	3,898,513
	<u>40,404,886</u>	<u>44,303,399</u>

As a result of the restructure of the Urban Splash Group in the period ended 30 September 2014, all the group's bank loans with HSBC were consolidated into a single, two year on demand facility. As a consequence of this and with effect from 26 July 2013, no interest was chargeable on the group's debt due to HSBC and the loans were classified as repayable within one year.

The shareholders of the company purchased debt and accrued interest due to HSBC plc in a prior year, all terms and conditions of the loan facilities remain the same. This debt is now shown within amounts due from related parties, which is secured through a fixed charge on freehold and leasehold properties of certain group companies, together with a floating charge over the company's assets.

Other loans totalling £22.7 million (2017: £28.2 million) represent a loan from a private company.

Interest on debt repayable between two and five years is chargeable as follows:

	2018 £	2017 £
4.79% repayable in full on 31 Oct 2019	10,172,500	10,172,500
3.46% repayable in full on 25 Aug 2022	5,276,294	5,276,294
3.92% repayable in full on 28 Sept 2022	24,975,576	30,000,000
Total bank loans	40,424,370	45,448,794
Other loans: 2.35% above LIBOR repayable after 28 Sept 2022	22,663,209	28,205,068
	<u>63,087,579</u>	<u>73,653,862</u>

Bank loans are secured against investment properties owned by the group and certain land and stock held by the group.

Other loans represent a loan of £15,021,416 (2017 £21,333,953) and accrued interest of £7,641,793 (2017 £6,871,115) from a private company which is subordinated to the £24,975,576 (2017 £30,000,000) bank loan and is repayable in more than one year. This debt is unsecured.

Urban Splash Holdings Limited and subsidiary undertakings

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

19. Provisions

Group	Deferred tax (note 20) £
At 1 October 2017	1,217,923
Additions	2,888,421
At 30 September 2018	<u>4,106,344</u>

The company does not have any provisions.

20. Deferred tax

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

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Included in provisions (note 19)	<u>4,106,344</u>	<u>1,217,923</u>	<u>—</u>	<u>—</u>

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

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Fair value adjustment of investment property	<u>4,106,344</u>	<u>1,217,923</u>	<u>—</u>	<u>—</u>

21. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £148,457 (2017: £89,587).

22. Called up share capital

Issued, called up and fully paid

	2018		2017	
	No	£	No	£
Ordinary shares of £0.01 each	<u>10,000</u>	<u>100</u>	<u>10,000</u>	<u>100</u>

23. Reserves

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

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

Urban Splash Holdings Limited and subsidiary undertakings

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

24. Business combinations

Acquisition of trade and assets by Urban Splash Modular Limited

On the 2 March 2018, the group acquired the trade and assets of a modular housing construction business through a newly incorporated 100% owned subsidiary, Urban Splash Modular Limited. Negative goodwill was recognised on acquisition, being the difference between the consideration and the fair value of the assets acquired, which is being amortised over a period of two years.

The fair value of consideration paid in relation to the acquisition of trade and assets by Urban Splash Modular Limited is as follows:

	£
Consideration	423,500

The fair value of amounts recognised at the acquisition date in relation to trade and assets acquired by Urban Splash Modular Limited are as follows:

	Book value £	Adjustments £	Fair value £
Tangible assets	200,000	223,500	423,500
Stocks	–	2,073,339	2,073,339
	200,000	2,296,839	2,496,839
Negative goodwill on acquisition			(2,073,339)
			423,500

Urban Splash Modular Limited acquired all trading stock of the business for £nil consideration, which was adjusted to fair value, post acquisition. It also acquired all tangible fixed assets held within the factory and offices, the purchase price being £200,000 and incurred legal and professional fees of £223,500 to acquire the business.

Urban Splash Modular Limited entered into a seven year sublease for the factory and offices, with a break clause after the initial two years.

25. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Not later than 1 year	7,580	–	–	–
Later than 1 year and not later than 5 years	2,144,039	7,580	–	–
Later than 5 years	826,832	12,503	–	–
	<u>2,978,451</u>	<u>20,083</u>	<u>–</u>	<u>–</u>

Urban Splash Holdings Limited and subsidiary undertakings

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

25. Operating leases *(continued)*

The group owns the long leasehold interest in a number of investment properties, and annual ground rents are payable of £32,463 (2017 - same). The remaining lease terms range from 46 years to 979 years, and the total ground rent due over the remaining term totals £16,842,289 (2017 - £16,874,752).

Operating lease receivables

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

	2018 £	2017 £
Within:		
1 year	679,838	1,026,081
1-2 years	3,211,957	1,453,368
2-5 years	4,670,148	7,000,218
Over 5 years	30,823,086	26,470,247
	<u>39,385,029</u>	<u>35,949,914</u>

26. Contingencies

Under the development agreements relating to certain schemes, liabilities exist to make overage payments should certain levels of project returns be met. At the balance sheet date, provision is not made for potential liabilities as the final profits for those schemes will be determined by future events which are uncertain.

27. Events after the end of the reporting period

Subsequent to the year-end, a newly incorporated ultimate parent company (Urban Splash Newco 1 Limited) acquired 100% of the share capital of Urban Splash Holdings Limited via a share for share exchange. Urban Splash Newco 1 Limited, whose registered office is Timber Wharf, 16-22 Worsley Street, Castlefield, Manchester, M15 4LD, is the parent company of the smallest and largest group of which the company is a member for which consolidated financial statements will be drawn up for future accounting periods.

The directors still continue to regard Mr. T.P.R. Bloxham M.B.E. as the ultimate controlling party.

Urban Splash Holdings Limited and subsidiary undertakings

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

28. Related party transactions

Group

The group and its subsidiaries have taken advantage of the exemption in section 33 of FRS 102, from disclosing transactions with other members of the group headed by Urban Splash Holdings Limited.

The company and group was under the control of Mr. T.P.R. Bloxham M.B.E. throughout both years. Mr. Bloxham is the chairman and majority shareholder of the company.

	2018			2017		
Less than one year:			Net trading			Net trading
	Debtors	Creditors	activity~	Debtors	Creditors	activity~
	£	£	£	£	£	£
Urban Splash (Park Hill) Limited	50,836	–	519,276	21,626	–	1,850,436
Smiths Dock LLP	115,633	–	1,752,489	346,811	–	4,305,643
Lakeshore Timber LLP	41,891	–	226,889	390	–	119,359
Campbell Park Limited	–	–	127,271	–	–	–
PFP US Residential (Park Hill) Limited	75	–	–	–	–	14,539
Shed K.M. Limited	–	349,041	(1,136,289)	–	189,264	(338,602)
Stubbs Mill LLP	–	–	22,500	–	–	125,324
Building Management Companies	–	–	–	–	–	(29,298)
Shareholder loan	–	40,404,886	–	–	40,404,886	–
4 Canal Street Limited	559,559	–	24,900	543,989	–	33,900
PU Properties (Salford) Limited	1,796,719	–	55,928	1,346,531	–	36,976
TBI 2000 Limited	5,733	–	22,595	107	–	17,315
BL08 LLP	–	–	1,050	–	–	1,050
Icknield Port Loop LLP	527	–	20,000	–	6,000	20,000
PFP US (IPL) LLP	–	–	570,000	–	–	157,500
Urban Splash UK Residential LLP	1,426	2,340	3,802,553	200,127	–	2,002,650
Cow Properties Limited	–	–	216	–	–	–
Mr. C. Bloxham	–	–	280,531	–	–	–
	<u>2,572,399</u>	<u>40,756,267</u>	<u>6,289,909</u>	<u>2,459,581</u>	<u>40,600,150</u>	<u>8,316,792</u>

~ Brackets denote purchases and the converse represents sales or recharge of costs. 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. The relationships between the related parties and the group are as follows:

- Urban Splash (Park Hill) Limited, Smiths Dock LLP, Lakeshore Timber LLP, Campbell Park Limited and PFP US Residential (Park Hill) Limited are joint ventures of Urban Splash Developments Limited, a subsidiary of the company.
- Icknield Port Loop LLP is a joint venture of PFP US (IPL) LLP which is a joint venture of Urban Splash Developments Limited, a subsidiary of the company.

Urban Splash Holdings Limited and subsidiary undertakings

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

- Shed K.M. Limited, an architecture practice, is a company in which Mr. J.M. Falkingham, a director of the company, is materially interested as a director and shareholder.
- TBI 2000 Limited is a company in which Mr. T.P.R. Bloxham M.B.E. is materially interested as a director and shareholder.
- BL08 LLP is an entity in which Mr. T.P.R. Bloxham M.B.E. is materially interested as a designated member.
- Cow Properties Limited is a company in which Mr. N.J. Cornish is materially interested as a director and shareholder.
- Mr. C. Bloxham is the son of Mr. T.P.R. Bloxham M.B.E.
- Urban Splash UK Residential LLP holds residential property for investment and its members are Urban Splash Management Limited and Urban Splash Residential Limited. Mr. T.P.R. Bloxham M.B.E., the majority shareholder of Urban Splash Holdings Limited, has a material interest in the share capital of Urban Splash Residential Limited.
- Included within amounts owed by related parties is £559,559 (2017: £543,989) due from 4 Canal Street Limited. Interest is receivable on the balance outstanding at 4% above LIBOR. A subsidiary of the company owns 50% of the issued share capital of 4 Canal Street Limited.
- Included within amounts owed by related parties is £1,796,219 (2017: £1,346,531) due from PU Properties (Salford) Limited. Interest is receivable on the balance outstanding at 9%. A subsidiary of the company owns 50% of the issued share capital of PU Properties (Salford) Limited.
- Included within amounts owed to related parties is a loan of £40,404,886 (2017: £40,404,886) from the company's shareholders. During the year £nil (2017: £500,000) was repaid to the shareholders.
- The members of Stubbs Mill LLP are the same as the shareholders of Urban Splash Holdings Limited.

Transactions and period-end balances with the following companies have been amalgamated in the above table under the line "Building management companies":

- Timber Wharf Management Limited is a company in which Mr. T.P.R. Bloxham M.B.E., a director of the company, was materially interested as a shareholder in the prior year
- Chips Building Management Company Limited and Lister Velvet Mill Management Company Limited are companies whose directors included Urban Splash Director Limited, a subsidiary of the company in the prior year.

Company

The company did not enter into any transactions with related parties.