

Urban Splash Work Limited
Financial Statements
For the period ended
31 December 2022



Urban Splash Work Limited

Financial Statements

Period from 1 October 2021 to 31 December 2022

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Urban Splash Work Limited

Officers and Professional Advisers

The board of directors

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

Company secretary

Mrs. K.J. Essop

Registered number

02076610

Registered office

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

Auditor

BDO LLP
Statutory Auditor
3 Hardman Street
Spinningfields
Manchester
United Kingdom
M3 3AT

Urban Splash Work Limited

Directors' Report

Period from 1 October 2021 to 31 December 2022

The directors present their report and the financial statements of the company for the 15 month period ended 31 December 2022. The prior period was 12 months long.

Principal activities

The principal activity of the company is that of property investment and management. The directors expect the general level of activity to remain the same in future years.

Directors

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

Mr. T.P.R. Bloxham M.B.E.

Mr. J. M. Falkingham

Mr. J.P. Curnuck

Mr. N.J. Cornish

(Appointed 28 January 2022)

Results and dividends

The profit for the period amounted to £768,701 (2021: profit of £5,397,659) and includes a downward revaluation of investment properties of £1,800,778 (2021: increase of £3,677,764). The directors have not recommended a dividend (2021: same).

Strategic report

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

Going concern

As described in the accounting policies, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and have specifically assessed the risks associated with the geopolitical uncertainty surrounding the Ukraine crisis and increased cost of living. Despite the business having no association with Ukraine, the directors are aware there will be an indirect macroeconomic impact and have therefore budgeted for all envisioned ramifications. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

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

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

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

Urban Splash Work Limited

Directors' Report *(continued)*

Period from 1 October 2021 to 31 December 2022

Directors' responsibilities statement *(continued)*

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;
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information; and
- this confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

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

Small company provisions

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

This report was approved by the board of directors on 27/09/2023 and signed on behalf of the board by:



Mr. J.P. Curnuck
Director

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

Urban Splash Work Limited

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

Period from 1 October 2021 to 31 December 2022

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Urban Splash Work Limited ("the Company") for the 15 month period ended 31 December 2022 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Urban Splash Work Limited

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

(continued)

Period from 1 October 2021 to 31 December 2022

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

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

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

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Urban Splash Work Limited

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

(continued)

Period from 1 October 2021 to 31 December 2022

Auditor's responsibilities for the audit of the financial statements (continued)

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations,

we considered the significant laws and regulations to be those that relate to the form and content of the financial statements, such as United Kingdom Generally Accepted Accounting Practice, the UK Companies Act 2006 and those that relate to the payment of employees.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be UK planning, building and fire safety regulations, health and safety, data protection laws, employment laws and environmental laws.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be related to those posting inappropriate journal entries, management bias in accounting estimates and improper revenue recognition associated with year-end cut-off.

Urban Splash Work Limited

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

Period from 1 October 2021 to 31 December 2022

Auditor's responsibilities for the audit of the financial statements (continued)

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias; and
- Testing a sample of rental income received throughout the year, and a further sample within a specified cut off window pre and post year end, through to lease agreement and bank receipt to determine if they have been recorded in the correct period.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's directors, as a body, in accordance with our engagement letter dated 13 December 2022. 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.

DocuSigned by:

Gary Harding

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Gary Harding (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester, UK
28 September 2023

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

Urban Splash Work Limited

Statement of Comprehensive Income

Period from 1 October 2021 to 31 December 2022

| | | Period from 1 Oct 21 to 31 Dec 22 £ | Year to 30 Sep 21 £ |
|--|---------------|--|---------------------------|
| Turnover | Note 4 | 5,678,183 | 4,256,320 |
| Gross profit | | 5,678,183 | 4,256,320 |
| Administrative expenses | | (3,123,468) | (2,213,767) |
| (Loss)/profit on disposal of fixed assets | | (22,132) | 2,389,074 |
| Revaluation of fixed assets | | (1,800,778) | 3,677,764 |
| Operating profit | 5 | 731,805 | 8,109,391 |
| Other interest receivable and similar income | 7 | 3,357 | 5 |
| Interest payable and similar expenses | 8 | (1,727,714) | (1,371,904) |
| (Loss)/profit before taxation | | (992,552) | 6,737,492 |
| Tax on (loss)/profit | 9 | 1,761,253 | (1,339,833) |
| Total comprehensive income for the period | | <u>768,701</u> | <u>5,397,659</u> |

All the activities of the company are from continuing operations.

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

The notes on pages 11 to 21 form part of these financial statements.

Urban Splash Work Limited

Statement of Financial Position

31 December 2022

| | Note | 31 Dec 22 £ | 30 Sep 21 £ |
|--|------|--------------------|---------------------|
| Fixed assets | | | |
| Tangible assets | 10 | 48,636,463 | 50,789,535 |
| Current assets | | | |
| Debtors | 11 | 14,273,869 | 14,178,962 |
| Cash at bank and in hand | | <u>1,116,243</u> | <u>1,688,208</u> |
| | | 15,390,112 | 15,867,170 |
| Creditors: amounts falling due within one year | 12 | <u>(3,352,428)</u> | <u>(34,539,053)</u> |
| Net current assets/(liabilities) | | <u>12,037,684</u> | <u>(18,671,883)</u> |
| Total assets less current liabilities | | 60,674,147 | 32,117,652 |
| Creditors: amounts falling due after more than one year | 13 | (29,549,047) | – |
| Provisions | | | |
| Taxation including deferred tax | 14 | <u>(1,371,327)</u> | <u>(3,132,580)</u> |
| Net assets | | <u>29,753,773</u> | <u>28,985,072</u> |
| Capital and reserves | | | |
| Called up share capital | 16 | 1,000 | 1,000 |
| Revaluation reserve | 17 | 21,655,286 | 23,479,699 |
| Profit and loss account | 17 | <u>8,097,487</u> | <u>5,504,373</u> |
| Shareholder's funds | | <u>29,753,773</u> | <u>28,985,072</u> |

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

These financial statements were approved by the board of directors and authorised for issue on 27/09/2023, and are signed on behalf of the board by:



Mr. J.P. Curnuck
Director

Company registration number: 02076610

The notes on pages 11 to 21 form part of these financial statements.

Urban Splash Work Limited

Statement of Changes in Equity

Period from 1 October 2021 to 31 December 2022

| | Note | Called up share capital £ | Revaluation reserve £ | Profit and loss account £ | Total £ |
|--|------|---------------------------------|-----------------------------|---------------------------------|-------------------|
| At 1 October 2020 | | 1,000 | 22,304,575 | 1,281,838 | 23,587,413 |
| Profit for the period | | – | 3,677,764 | 1,719,895 | 5,397,659 |
| Other comprehensive income for the period: | | | | | |
| Reclassification from revaluation reserve to profit and loss account | | – | (2,502,640) | 2,502,640 | – |
| Total comprehensive income for the period | | – | 1,175,124 | 4,222,535 | 5,397,659 |
| At 30 September 2021 | | 1,000 | 23,479,699 | 5,504,373 | 28,985,072 |
| Profit for the period | | – | (1,800,778) | 2,569,479 | 768,701 |
| Other comprehensive income for the period: | | | | | |
| Reclassification from revaluation reserve to profit and loss account | | – | (23,635) | 23,635 | – |
| Total comprehensive income for the period | | – | (1,824,413) | 2,593,114 | 768,701 |
| At 31 December 2022 | | <u>1,000</u> | <u>21,655,286</u> | <u>8,097,487</u> | <u>29,753,773</u> |

The notes on pages 11 to 21 form part of these financial statements.

Urban Splash Work Limited

Notes to the Financial Statements

Period from 1 October 2021 to 31 December 2022

1. General information

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

2. Statement of compliance

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

3. Accounting policies

Basis of accounting

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

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

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

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

Bank borrowings

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

Going concern

The company meets its day to day working capital requirements through existing cash resources. The directors assessed the risks associated with the geopolitical uncertainty surrounding the Ukraine crisis and increased cost of living. Despite the business having no association with Ukraine, the directors are aware of the indirect macroeconomic impact and have considered these in budgets and financial forecasts. The company has complied with all its loan covenants and met all interest payments in the trading period and is forecast to continue to do so. The directors expect to be able to operate within the level of its current resources, given forecast rental and other income, capital receipts, expected expenditure and resources available. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Urban Splash Work Limited

Notes to the Financial Statements *(continued)*

Period from 1 October 2021 to 31 December 2022

3. Accounting policies *(continued)*

Disclosure exemptions

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

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

Financial instruments

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

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

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

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

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

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

Urban Splash Work Limited

Notes to the Financial Statements *(continued)*

Period from 1 October 2021 to 31 December 2022

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 31 December, either by professionally qualified external valuers, or by the company's own internal qualified staff. The evidence to support these valuations is based primarily on recent, comparable market transactions on an arm's length basis. However, the assumptions applied are inherently subjective and so are subject to a degree of uncertainty.

Revenue recognition

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

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

Taxation

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

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

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

Urban Splash Work Limited

Notes to the Financial Statements *(continued)*

Period from 1 October 2021 to 31 December 2022

3. Accounting policies *(continued)*

Taxation *(continued)*

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

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

Leases

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

Fixed assets

Operational land and buildings

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

Investment properties

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

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

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

Investment property sales are recognised upon unconditional exchange.

Depreciation

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

Fixtures, fittings and equipment - 3-5 years

Urban Splash Work Limited

Notes to the Financial Statements *(continued)*

Period from 1 October 2021 to 31 December 2022

3. Accounting policies *(continued)*

Impairment of fixed assets

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

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

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.

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.

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 Work Limited

Notes to the Financial Statements *(continued)*

Period from 1 October 2021 to 31 December 2022

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 income. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

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

Cash and cash equivalents

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

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in the future payments or a cash refund.

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

4. Turnover

Turnover arises from:

| | Period from 1 Oct 21 to 31 Dec 22 £ | Year to 30 Sep 21 £ |
|---------------------------|--|---------------------------|
| Commercial rental income | 5,643,695 | 4,243,375 |
| Residential rental income | 34,488 | 12,945 |
| | <u>5,678,183</u> | <u>4,256,320</u> |

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

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

Urban Splash Work Limited

Notes to the Financial Statements *(continued)*

Period from 1 October 2021 to 31 December 2022

5. Operating profit

Operating profit or loss is stated after charging/crediting:

| | Period from 1 Oct 21 to 31 Dec 22 £ | Year to 30 Sep 21 £ |
|---|--|---------------------------|
| Reversal of impairment of fixed assets recognised in: | | |
| Administrative expenses | - | (80,000) |
| Loss/(gains) on disposal of fixed assets | <u>22,132</u> | <u>(2,389,074)</u> |

Audit fees of the company were borne by another group company, but if recharged, would have amounted to £10,300 (2021: £10,300).

6. Staff costs

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

| | 31 Dec 22 No | 30 Sep 21 No |
|----------------------|-----------------|-----------------|
| Administrative staff | <u>13</u> | <u>14</u> |
| | <u>13</u> | <u>14</u> |

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

| | Period from 1 Oct 21 to 31 Dec 22 £ | Year to 30 Sep 21 £ |
|-----------------------|--|---------------------------|
| Wages and salaries | 861,894 | 591,748 |
| Social security costs | 82,581 | 52,786 |
| Other pension costs | 27,112 | 18,238 |
| | <u>971,587</u> | <u>662,772</u> |

During the year £86,300 (2021: £54,519) of payroll costs were recharged to fellow group companies, resulting in a total charge of £885,287 (2021: £608,253) of payroll costs to the statement of comprehensive income.

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

7. Other interest receivable and similar income

| | Period from 1 Oct 21 to 31 Dec 22 £ | Year to 30 Sep 21 £ |
|--|--|---------------------------|
| Other interest receivable and similar income | <u>3,357</u> | <u>5</u> |

8. Interest payable and similar expenses

| | Period from 1 Oct 21 to 31 Dec 22 £ | Year to 30 Sep 21 £ |
|--|--|---------------------------|
| Other interest payable and similar charges | <u>1,727,714</u> | <u>1,371,904</u> |

Urban Splash Work Limited

Notes to the Financial Statements *(continued)*

Period from 1 October 2021 to 31 December 2022

9. Tax on profit

Major components of tax expense

| | 2022 £ | 2021 £ |
|--|------------------|--------------------|
| Deferred tax: | | |
| Origination and reversal of timing differences | <u>1,761,253</u> | <u>(1,339,833)</u> |

Reconciliation of tax credit/(charges)

The tax assessed on the profit on ordinary activities for the year is lower than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

| | 2022 £ | 2021 £ |
|--|------------------|--------------------|
| (Loss)/profit on ordinary activities before taxation | <u>(992,552)</u> | <u>6,737,492</u> |
| (Loss)/profit on ordinary activities by rate of tax | (188,585) | 1,280,123 |
| Revaluation losses/(gains) not taxable | 342,148 | (698,775) |
| Effect of capital allowances and depreciation | (66,868) | (69,803) |
| Utilisation of tax losses | – | (68,801) |
| Expenses not deductible/(income not taxable) | 193,969 | (469,124) |
| Chargeable gain | 286 | 797,718 |
| Movement in short term differences | 96,677 | (81,197) |
| Deferred tax | 1,761,253 | (1,339,833) |
| Group relief claimed | <u>(377,626)</u> | <u>(690,141)</u> |
| | <u>1,761,253</u> | <u>(1,339,833)</u> |

Factors that may affect future tax expense

The Finance Bill 2021, published on 11 March 2021 received royal ascent on 10 June 2021 and included measures to increase the main rate of corporation tax from 19% to 25% with effect from 1 April 2023. As a consequence, the company's deferred tax liability has been measured at the new rate of corporation tax in both the current period and the preceding year.

A deferred tax asset amounting to £nil (2021: £1,220,030) in respect of short term timing differences has not been recognised because, in the opinion of the directors there will be no suitable taxable profits available in the foreseeable future.

Urban Splash Work Limited

Notes to the Financial Statements *(continued)*

Period from 1 October 2021 to 31 December 2022

10. Tangible assets

| | Investment properties £ | Operational land & buildings £ | Total £ |
|--|-------------------------------|---|-------------------|
| Cost or valuation | | | |
| At 1 October 2021 | 50,019,535 | 770,000 | 50,789,535 |
| Additions | 60,886 | – | 60,886 |
| Disposals | (413,182) | – | (413,182) |
| Revaluations | (1,800,778) | – | (1,800,778) |
| At 31 December 2022 | 47,866,463 | 770,000 | 48,636,463 |
| Depreciation | | | |
| At 1 October 2021 and 31 December 2022 | – | – | – |
| Carrying amount | | | |
| At 31 December 2022 | 47,866,463 | 770,000 | 48,636,463 |
| At 30 September 2021 | 50,019,535 | 770,000 | 50,789,535 |

Fixed assets held at valuation

Investment properties, which are a combination of leasehold and freehold, were valued on an open market existing use basis at 31 December 2022 by a director of the ultimate parent company who is a qualified chartered surveyor. Such properties are not depreciated.

If the investment properties had not been revalued, they would have been included at a historical cost of £26,211,175 (2021: £26,539,836).

11. Debtors

| | 31 Dec 22 £ | 30 Sep 21 £ |
|------------------------------------|-------------------|-------------------|
| Trade debtors | 577,338 | 740,639 |
| Amounts owed by group undertakings | 12,483,014 | 12,439,233 |
| Prepayments and accrued income | 363,755 | 240,260 |
| Other debtors | 849,762 | 758,830 |
| | 14,273,869 | 14,178,962 |

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

Due to the inherent uncertainties surrounding the impact of the COVID-19 pandemic on the company's customers in the prior year, the company made provisions against potentially irrecoverable trade debt of £nil (2021: £485,632).

Urban Splash Work Limited

Notes to the Financial Statements *(continued)*

Period from 1 October 2021 to 31 December 2022

12. Creditors: amounts falling due within one year

| | 31 Dec 22 £ | 30 Sep 21 £ |
|------------------------------------|------------------|-------------------|
| Bank loans and overdrafts | – | 31,523,048 |
| Payments received on account | 779,620 | 740,605 |
| Trade creditors | 241,834 | 113,534 |
| Amounts owed to group undertakings | 125,800 | 154,307 |
| Accruals and deferred income | 1,722,147 | 1,582,712 |
| Social security and other taxes | 311,409 | 282,734 |
| Other creditors | 171,618 | 142,113 |
| | <u>3,352,428</u> | <u>34,539,053</u> |

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

Bank loans repayable within one year outstanding at 31 September 2021 represent two separate facilities which were fully repaid in the current period. Interest was charged at 3.92% and 2.35% above LIBOR respectively.

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

| | 31 Dec 22 £ | 30 Sep 21 £ |
|---------------------------|-------------------|----------------|
| Bank loans and overdrafts | <u>29,549,047</u> | <u>–</u> |

On 13 July 2022 the company refinanced its bank loans into a new single 8-year loan facility, repayable in full on 13 July 2030. The debt of related entities, Urban Splash Commercial 2017 Limited and Stubbs Mill LLP was also refinanced into the same facility.

The amount of the new loan facility attributed to the company is £30,392,300, of which £26,042,300 bears interest at a fixed rate of 4.37% and the balance of £4,350,000 bears interest at 2.6% above SONIA.

£843,253 of loan arrangement fees and associated costs have been netted off the amounts shown as due after more than one year, which have been prepaid and will be released to the Statement of Comprehensive Income over the term of the loan.

The total loan of £43,500,000 is secured against the investment property assets of the company and those of Urban Splash Commercial 2017 Limited and Stubbs Mill LLP.

14. Provisions

| | Deferred tax (note 14) £ |
|----------------------------|--------------------------------|
| At 1 October 2021 | 3,132,580 |
| Unused amounts reversed | <u>(1,761,253)</u> |
| At 31 December 2022 | <u>1,371,327</u> |

15. Deferred tax

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

| | 31 Dec 22 £ | 30 Sep 21 £ |
|--|------------------|------------------|
| Included in provisions (note 14) | <u>1,371,327</u> | <u>3,132,580</u> |
| The deferred tax account consists of the tax effect of timing differences in respect of: | | |
| | 31 Dec 22 £ | 30 Sep 21 £ |
| Fair value adjustment of investment property | <u>1,371,327</u> | <u>3,132,580</u> |

Urban Splash Work Limited

Notes to the Financial Statements *(continued)*

Period from 1 October 2021 to 31 December 2022

16. Called up share capital

Issued, called up and fully paid

| | 31 Dec 22 | | 30 Sep 21 | |
|----------------------------|-----------|-------|-----------|-------|
| | No | £ | No | £ |
| Ordinary shares of £1 each | 1,000 | 1,000 | 1,000 | 1,000 |

17. Reserves

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

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

18. Operating leases

The company owns the long leasehold interest in a number of investment properties, and annual ground rents are payable of £23,599 (2021 - £23,599). The remaining lease terms range from 45 years to 975 years, and the total ground rent due over the remaining term totals £14,891,583 (2021 - £14,921,130).

Operating lease receivables

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

| | 31 Dec 22 £ | 30 Sep 21 £ |
|--------------|-------------------|-------------------|
| Within: | | |
| 1 year | 3,922,965 | 3,391,532 |
| 1-2 years | 3,000,435 | 2,303,649 |
| 2-5 years | 4,391,737 | 3,963,988 |
| Over 5 years | 13,182,994 | 11,233,320 |
| | <u>24,498,132</u> | <u>20,892,489</u> |

19. Related party transactions

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

20. Controlling party

Urban Splash Group Holdings Limited, a company incorporated in England, is the ultimate parent company as at 31 December 2022. The directors regard T.P.R. Bloxham M.B.E. as the ultimate controlling party.

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