

Company Registration No. 4599607

**MASSHOUSE DEVELOPMENTS
LIMITED**

Annual Report and Financial Statements

For the year ended 31 December 2013



MASSHOUSE DEVELOPMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2013

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MASSHOUSE DEVELOPMENTS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors

N S Payne
S P Robinson

Secretary

S P Robinson

Registered Office

Mynshulls House
14 Cateaton Street
Manchester
M3 1SQ

Bankers

The Royal Bank of Scotland
1 Dale Street
Liverpool
L2 2PP

Solicitors

Eversheds
115 Colmore Row
Birmingham
B3 3AL

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester
United Kingdom

MASSHOUSE DEVELOPMENTS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2013.

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption. Accordingly, no strategic report has been prepared.

Principal activities

The principal activity of the company is property development.

Business review

The company is involved in the development of two sites in Birmingham with a planning consent for circa 1,100,000 square foot of mixed use development. The development, when completed, will comprise a mixture of residential accommodation, grade A office accommodation, a hotel, a Magistrates Court and car parking.

Following the successful completion of its first site, the company's activity has focused on advancing the new scheme with plans to be on site with the next phase by the end of 2014, early 2015.

Turnover decreased from £714,254 to £583,711, with profits after taxation increasing to £531,650 from a loss of £103,941 at December 2012.

The net current liability position includes loan stock of £10,288,869 (2012: £10,288,869). The terms of the loan stock state that it was repayable in full on 31 December 2010. However, as disclosed in note 1 to the financial statements, the directors have received confirmation from the company's loan note holders that they will not seek repayment of the £10,288,869 worth of loan notes until such time that the company is forecast to be able to meet and settle its other financial liabilities as they fall due.

The total net liability position for the company at 31 December 2013 is £333,952 (2012: £865,602).

At the year-end date the company was under the joint control of Evora Developments Ltd and Buro Services Ltd. Further details regarding the owner of the company and its ultimate controlling party are given in note 17 to the financial statements.

Principal risks and uncertainties

Development costs

The nature of the company's projects means that the associated development costs are potentially volatile and hence are a significant area of management focus. The directors manage this risk by using appropriate subcontractors, along with the necessary professional teams required to ensure the building is completed appropriately. Further to this, the directors prepare detailed project forecasts and ensure that the estimated associated costs of developments are thoroughly considered as part of those forecasts and reviewed on a regular basis.

Liquidity

The company is currently funded by a number of related party loans with future funding planned to be secured in relation to each specific phase.

Economic factors affecting the property industry

Market sentiment is improving and interest in both the residential and commercial aspects of the second site has increased significantly.

MASSHOUSE DEVELOPMENTS LIMITED

DIRECTORS' REPORT (continued)

Directors

The directors who served during the year and thereafter set out on page 1.

Future prospects

The directors are confident about the future prospects of the company following the successful completion of the company's Hive development. The directors are also looking to develop the company's second site to cater for a number of interested parties. Discussions are on-going with these parties in relation to pre let opportunities and the next residential building and the directors are optimistic that this will lead to development commencing on this site in the near future.

Going concern

The financial statements have been prepared on a going concern basis. Further detail is included in note 1 to the financial statements.

Auditor

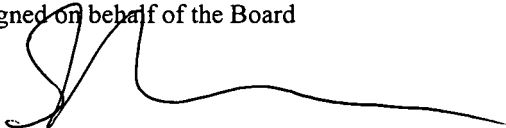
Each of the persons who is a director of the company at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor. Accordingly a resolution to re-appoint Deloitte LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



S P Robinson
Secretary

5 September 2014

MASSHOUSE DEVELOPMENTS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual 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 of 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MASSHOUSE DEVELOPMENTS LIMITED

We have audited the financial statements of Masshouse Developments Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

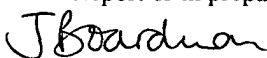
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; 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 take advantage of the small companies exemption from preparing a Strategic Report or in preparing the Directors' Report.



Jane Boardman BSc ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, UK
5 September 2014

MASSHOUSE DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2013

	Note	2013 £	2012 £
Turnover	1	583,711	714,254
Cost of sales		(633,187)	(1,865,529)
Gross loss		(49,476)	(1,151,275)
Administrative expenses		(391,800)	(779,876)
Other operating income		1,153,082	1,515,525
Operating profit/(loss)		711,806	(415,626)
Interest receivable and similar income	4	263	1,072
Interest payable and similar charges	5	(1)	(26)
Profit/(loss) on ordinary activities before taxation	2	712,068	(414,580)
Tax (charge)/credit on profit/(loss) on ordinary activities	6	(180,418)	310,639
Profit/(loss) for the financial year	15,16	531,650	(103,941)

There are no recognised gains or losses for the current or preceding year other than as stated above. Accordingly, no separate statement of total recognised gains and losses has been presented.

All the results derive from continuing operations.

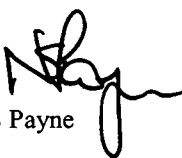
MASSHOUSE DEVELOPMENTS LIMITED

BALANCE SHEET As at 31 December 2013

	Note	£	2013 £	£	2012 £
Fixed assets					
Investments	7		<u>2</u>		<u>3</u>
Current assets					
Stocks	8	-		162,500	
Debtors	9	10,649,781		13,514,480	
Cash		<u>47,531</u>		<u>436,299</u>	
		10,697,312		14,113,279	
Creditors: amounts falling due within one year	10	<u>(11,031,266)</u>		<u>(12,579,394)</u>	
Net current (liabilities)/assets			<u>(333,954)</u>		<u>1,533,885</u>
Total assets less current liabilities			<u>(333,952)</u>		<u>1,533,888</u>
Provision for liabilities	11		<u>-</u>		<u>(2,399,490)</u>
Net liabilities			<u>(333,952)</u>		<u>(865,602)</u>
Capital and reserves					
Called up share capital	13		<u>4</u>		<u>4</u>
Profit and loss account	14		<u>(333,956)</u>		<u>(865,606)</u>
Shareholders' deficit	15		<u>(333,952)</u>		<u>(865,602)</u>

These financial statements for Masshouse Developments Limited (company registration number 04599607) were approved by the Board of Directors and authorised for issue on 5 September 2014.

Signed on behalf of the Board of Directors


N S Payne
Director

MASSHOUSE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2013

1. ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention and in accordance with applicable law and United Kingdom accounting standards. The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year.

Basis of preparation and going concern

The company's business activities and the factors likely to affect its future development, performance and position are set out in the strategic/directors' report and in the financial statements, together with the financial position of the company, its cash flows, liquidity position and borrowing facilities.

The directors have reviewed their forecasts in light of the uncertainty presented by the current market conditions. The directors have also reviewed the local property market and have concluded that their income forecasts are reasonable.

Whilst the loan stock is repayable on demand, the directors have received confirmation from the loan note holders that they will not seek repayment of the loan notes until the company is forecast to be able to settle its other financial liabilities as they fall due for a period of more than one year from the date of signing the accounts and has sufficient surplus cash available with which to make a partial or full repayment.

Thus, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Stocks

Stocks are stated at the lower of cost and net realisable value and include those financial costs which are directly attributable to the construction of the assets classified as stock. Provision is made for any impairment.

Investments

Fixed asset investments are shown as cost less any provision for impairment.

Cash flow statement

The company has taken advantage of the exemption available under FRS1 not to present a cash flow statement as it falls within the small companies' exemption.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

A deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, 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 at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

MASSHOUSE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2013

1. ACCOUNTING POLICIES (continued)

Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year from the sale of apartments, the temporary car park and advertising hoardings. Turnover for both 2013 and 2012 was wholly derived in the UK from the company's principal activities.

Turnover from the sale of apartments is recognised on legal completion of the sale. Reservation fees are recognised when the contract is legally complete or if the non-refundable reservation fee is paid and the purchaser then decides not to exchange contracts.

Turnover from the temporary car park and advertising hoardings is recognised on the accruals basis.

Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount. Finance costs which are directly attributable to the construction of assets within stock are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete. No such interest costs were capitalised in the period.

Government grants

Government grants relating to construction in progress and subsequent sale are treated as deferred income and released to the profit and loss account in line with the recognition of the sales on the related apartments.

2. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit/(loss) on ordinary activity before taxation is stated after charging:

	2013 £	2012 £
Exceptional item	-	1,635,000
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the company's annual financial statements	6,000	10,000
Fees payable to the company's auditor for other services:		
Tax services	4,400	4,400

During the prior year the directors reached an agreement to compensate Evora Apartments Limited for the deterioration in the market value of the properties that were sold for £15,800,000 in 2011. This resulted in a £1,635,000 recharge. The amount was reflected in cost of sales for the year ended 31 December 2012.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

None of the directors received any remuneration during the year from the company (2012: same). The company does not employ any staff (2012: same).

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2013 £	2012 £
Bank interest	263	1,072

MASSHOUSE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2013

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £	2012 £
Bank interest paid excluding loans	1	26

6. TAXATION

Analysis of tax charge/(credit)	2013 £	2012 £
Current tax		
UK corporation tax	53	-
Adjustments in respect of prior years	-	(20,693)
Total current tax charge/(credit)	53	(20,693)
Deferred tax		
Origination and reversal timing differences	165,617	(289,946)
Adjustments in respect of previous periods	91	-
Effect of change in tax rates	14,656	-
Total deferred tax charge/(credit)	180,365	(289,946)
Tax charge/(credit) for the year	180,418	(310,639)

Factors affecting the current tax (credit)/charge for the year

The tax assessed for the year is lower (2012: lower) than that resulting from applying the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

	2013 £	2012 £
Profit/(loss) on ordinary activities before tax	712,068	(414,580)
Tax on profit/(loss) on ordinary activities before taxation at 23.25% (2012: 24.5%) thereon	165,556	(101,573)
Effects of:		
Expenses/(income) not deductible/ (taxable) for tax purposes	114	(148,734)
Other timing differences	(2,452)	(3,258)
(Utilisation)/creation of tax losses	(163,165)	253,565
Adjustments in respect of prior years	-	(20,693)
Current tax charge/(credit) for the year	53	(20,693)

On 2nd July 2013 a reduction in the UK Statutory rate of corporation tax was substantively enacted, bringing the tax rate down from 23% to 21% effect from 1 April 2014 and to 20% from 1st April 2015. Accordingly, the deferred tax asset recognised at 31st December 2013 takes account of this change.

MASSHOUSE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2013

7. INVESTMENTS

	£
Cost	
At 1 January 2013	3
Disposal	(1)
	<u>2</u>
At 31 December 2013	<u>2</u>
Provisions for impairment	
At 1 January 2013	-
At 31 December 2013	-
Net book value	
At 31 December 2012	<u>3</u>
At 31 December 2013	<u>2</u>

The subsidiary undertakings held at the end of the year and the nature of their businesses are:

	Country of incorporation	Principal activity	Holding	Result for the year	Aggregate share capital and reserves
Subsidiary undertakings:					
Masshouse Block M Limited	UK	Dissolved	-	-	-
Masshouse Management Limited	UK	Dormant	100%	-	1
Masshouse Commercial Block HI Limited	UK	Dormant	100%	-	1

All of the holdings above represent ordinary shares held.

On 10 September 2013 Masshouse Block M Limited was wound up by its shareholders. The directors of Masshouse Developments Limited have disposed of the investment with a loss on disposal of £1.

Consolidated financial statements have not been prepared as both the results and the net assets of all of the remaining company's subsidiaries are not material in the overall context of Masshouse Developments Limited.

8. STOCKS

	2013 £	2012 £
Completed property held for resale	<u>-</u>	<u>162,500</u>

9. DEBTORS

	2013 £	2012 £
Amounts falling due within one year		
Trade debtors	72,841	59,305
Amounts owed by related parties (see note 16)	10,458,057	13,103,593
Other debtors	-	52,522
Prepayment and accrued income	9,302	9,114
Deferred tax asset (see note 12)	109,581	289,946
	<u>10,649,781</u>	<u>13,514,480</u>

MASSHOUSE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2013

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Trade creditors	62,942	148,734
Amounts owed to related parties (see note 16)	645,967	345,967
Amounts owed to subsidiary undertakings (see note 16)	2	3
Accruals and deferred income	15,000	642,821
Other creditors	18,433	-
Government grants	-	1,153,000
UK corporation tax	53	-
Loan stock	10,288,869	10,288,869
	<u>11,031,266</u>	<u>12,579,394</u>

The loan stock is held by Evora Developments Limited and Buro Services Limited as shown below:

	2013 £	2012 £
Evora Developments Limited	4,588,278	4,588,278
Buro Services Limited	5,700,591	5,700,591
	<u>10,288,869</u>	<u>10,288,869</u>

The loan stock is repayable on demand and is secured against the stocks and work in progress held in Evora. As discussed in the directors' report, the directors have received written confirmation from the loan stock holders that repayment will not be sought prior to 12 months from the date these accounts have been signed. No interest is charged.

11. PROVISION FOR LIABILITIES

Provision for liabilities relate to the estimated amounts repayable under the Homes and Communities Agency funding secured during 2011. The amounts repayable under the agreement are driven by the final profits achieved under the company's second residential block, Hive.

	2013 £	2012 £
Opening balance	2,399,490	2,024,000
Utilised	(2,399,490)	(953,740)
Revaluation - reclassified to deferred income	-	1,329,230
Closing balance	<u>-</u>	<u>2,399,490</u>

During the year the company fully satisfied its obligations and repaid £2,399,490 in June 2013.

MASSHOUSE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2013

12. DEFERRED TAXATION

	2013 £
Opening balance	289,946
Charged to the profit and loss account	(180,274)
Adjustment in respect of prior years	(91)
Closing balance	<u>109,581</u>

	2013 £	2012 £
Analysis of deferred tax		
Depreciation in excess of capital allowances	9,607	13,585
Losses	99,974	276,361
Closing balance	<u>109,581</u>	<u>289,946</u>

There is no unrecognised deferred tax in either year.

13. CALLED UP SHARE CAPITAL

	2013 £	2012 £
Called up and allotted: 4 A ordinary shares of £1 each (2012: 4)	<u>4</u>	<u>4</u>

14. RESERVES

	Profit and loss account £
At beginning of year	(865,606)
Profit for the financial year	531,650
At end of year	<u>(333,956)</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2013 £	2012 £
Profit/(loss) for the financial year	531,650	(103,941)
Movement in shareholders' deficit	531,650	(103,941)
Opening shareholders' deficit	(865,602)	(761,661)
Closing shareholders' deficit	<u>(333,952)</u>	<u>(865,602)</u>

MASSHOUSE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2013

16. RELATED PARTY DISCLOSURES

As at 31 December 2013, the company was a joint venture between Evora Developments Limited and Buro Services Limited. The following related party balances, by virtue of their common control by Mr Allan Murphy (see note 17) are included in debtors:

	2013 £	2012 £
Evora Apartments Limited	201,215	6,935,437
Buro Services Limited	650,001	650,001
Masshouse Commercial Block HI Limited	64,310	-
Nikal Limited	9,093,714	5,069,338
Cathedral Park Developments Ltd	448,817	448,817

Included in creditors are the following related party balances:

	2013 £	2012 £
Evora Developments Limited	645,967	345,967
Masshouse Block M Limited (subsidiary)	-	1
Masshouse Management Limited (subsidiary)	1	1
Masshouse Residential Block MI Limited (subsidiary)	1	1
Evora Developments Limited (loan notes)	4,588,278	4,588,278
Buro Services Limited (loan notes)	5,700,591	5,700,591

During the year the following transactions took place on an arm's length basis:

	2013 £	2012 £
Sales (with Masshouse Commercial Block HI)	162,500	-
Purchases (with Evora Apartments Limited)	-	(1,635,000)
Management fees (with Evora Developments Limited)	300,000	300,000

17. CONTROLLING PARTIES

As at 31 December 2013, the company was under the joint control of Evora Developments Limited, which is incorporated in Great Britain and registered in England, and Buro Services Limited which is incorporated in Great Britain and registered in Scotland.

Evora Developments Limited was under the control of Nikal Limited. Mr Allan Murphy controls Evora Developments Limited as a result of his controlling shareholding in Nikal Limited.