

Company Registration No. 4599607

**MASSHOUSE DEVELOPMENTS
LIMITED**

Annual Report and Financial Statements

For the year ended 31 December 2015

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MASSHOUSE DEVELOPMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2015

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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 Plc
1 Dale Street
Liverpool
L2 2PP

Solicitors

Eversheds LLP
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 financial statements of the company for the year ended 31 December 2015.

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small company's exemption. Accordingly, no strategic report has been prepared on the basis that the company is small.

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 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 space, a hotel, a Magistrates Court and car parking.

Following the successful completion of its first site, the company's activity has focused on advancing development of the remaining land.

The directors are pleased to report they have secured a £100m funding deal with LaSalle Investment Management for a PRS development. A total of 603 units will be built, across a trio of new buildings. Work is due to begin on the site towards the end of summer 2016, with completion of the final block before the end of 2019.

This leaves one remaining plot with planning consent for circa 220 further units with ancillary retail space.

Turnover increased from £414,720 to £1,356,453, however a one off impairment charge on a related party balance of £448,817 has led to a loss after taxation of £70,342 (2014: £65,341 loss).

The net current liability position includes loan stock of £10,288,869 (2014: £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 the company has sufficient financial resources to do so.

The total net liability position for the company at 31 December 2015 is £469,635 (2014: £399,293).

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 14 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 exposed to liquidity risk resulting from the timing of working capital payments and receipts. 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.

MASSHOUSE DEVELOPMENTS LIMITED

DIRECTORS' REPORT (continued)

Principal risks and uncertainties (continued)

Economic factors affecting the property industry

The company is exposed to short term volatility in the property market but manages this risk through careful appraisal of projects, considering the interest of potential investors and the timing of the development activity. Market sentiment is improving and interest in both the residential and commercial aspects of the second site has increased significantly.

Directors

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

Going concern

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 in preparing the financial statements (see note 1).

Auditor

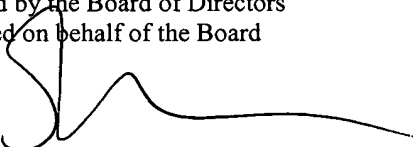
Each of the persons who is a director of the company at the date of approval of this report confirms that:

- 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

29 September 2016

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) 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 company and of the profit or loss of the company for that period.

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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 2015 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the 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 2015 and of its loss 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.



Rachel Argyle (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, UK

29 September 2016

MASSHOUSE DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2015

	Note	2015 £	2014 £
Turnover	1	1,356,453	414,720
Cost of sales		(511,830)	(132,841)
Gross profit		844,623	281,879
Administrative expenses		(820,445)	(361,901)
Operating profit/(loss)		24,178	(80,022)
Finance cost (net)	5	153	143
Profit/(loss) on ordinary activities before taxation	3	24,331	(79,879)
Tax (charge)/credit on profit/(loss) on ordinary activities	6	(94,673)	14,538
Loss for the financial year		(70,342)	(65,341)

There is no income or expenditure for the current or preceding year other than as stated above. Accordingly, no separate statement of comprehensive income has been presented.

All the results derive from continuing operations.

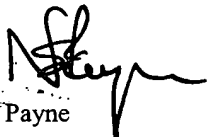
MASSHOUSE DEVELOPMENTS LIMITED

BALANCE SHEET As at 31 December 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Investments	7		4		2
Current assets					
Stocks	8	961,598		325,948	
Debtors	9	11,067,898		11,138,920	
Cash		46,578		44,359	
		12,076,074		11,509,227	
Creditors: amounts falling due within one year	10	(12,545,713)		(11,908,522)	
Net current liabilities			(469,639)		(399,295)
Total assets less current liabilities			(469,635)		(399,293)
Net liabilities			(469,635)		(399,293)
Capital and reserves					
Called up share capital	12		4		4
Profit and loss account			(469,639)		(399,297)
Shareholders' deficit			(469,635)		(399,293)

These financial statements for Masshouse Developments Limited (company registration number 04599607) were approved by the Board of Directors and authorised for issue on 29 September 2016.

Signed on behalf of the Board of Directors


N S Payne
Director

MASSHOUSE DEVELOPMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2015

	Called-up share capital £	Profit and loss account £	Total £
At 31 December 2013	4	(333,956)	(333,952)
Changes on transition to FRS 102 (see note 15)	-	-	-
At 1 January 2014	4	(333,956)	(333,952)
Loss for the financial year and total comprehensive income	-	(65,341)	(65,341)
At 31 December 2014	4	(399,297)	(399,293)
Loss for the financial year and total comprehensive income	-	(70,342)	(70,342)
At 31 December 2015	4	(469,639)	(469,635)

MASSHOUSE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

a. General information and basis of accounting

Masshouse Developments Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Directors' report on page 2.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 15.

The functional currency of the company is considered to be GBP because that is the currency of the primary economic environment in which the company operates.

The company meets the definition of a 'small company' under the Companies Act 2006, as amended in 2015 on implementation of the new European Accounting Directive and is consequently eligible to apply both Section 1A of FRS 102 and the reductions in statutory disclosure requirements applicable to a small company. These requirements are effective from financial years beginning on or after 1 January 2016 but have been early adopted by the company.

Exemptions have been taken in these separate company financial statements in relation to presentation of a cash flow statement and financial instruments. Approval from the shareholders has been sought and received.

b. Going concern

The financial statements have been prepared using the going concern basis of accounting.

The directors have prepared forecasts that take account of the local property market allowing for uncertainty. Taking these factors into account along with the £110m secured development funding and their cost estimates the directors have concluded that their income forecasts are reasonable.

Whilst the loan stock is repayable on demand, the directors have received confirmation from the company's 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.

MASSHOUSE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2015

1 ACCOUNTING POLICIES (continued)

c. Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

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 company after deducting all of its liabilities.

(i) Financial assets and liabilities

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 (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

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

d. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

MASSHOUSE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2015

c. Impairment of assets (continued)

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

d. Taxation

Unrelieved tax losses and other deferred tax assets are 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 using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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 recognised 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 company 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.

e. 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 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.

f. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes financial costs which are directly attributable to the construction of the assets classified as stock. Provision is made for any impairment.

MASSHOUSE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2015

2. CRITICAL ACCOUNTING 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.

The directors do not consider there to be any critical judgments that require disclosure.

Sources of estimation uncertainty

The directors consider the following matters to be the key sources of estimation uncertainty which affect the financial statements;

Capitalised development costs – Stocks are carried at the lower of cost and net realisable value. In estimating the net realisable value the directors are required to estimate certain future costs and revenues to develop an overall appraisal of the project. Whilst many of these estimates are based on third party evidence and signed contracts there remains an element of uncertainty over the final outcome of the project.

Recoverability of intercompany and related party balances – The settlement of certain intercompany and related party receivables is sometimes dependent on the counterparties completing other development schemes and generating sufficient profit to repay the company. In making these assessments the directors have to consider the existing financial resources available to the counterparty and any uncertainty in the development scheme.

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

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

	2015 £	2014 £
Impairment of related party debtor	448,817	-
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the company's annual financial statements	10,100	8,250
Fees payable to the company's auditor for other services:		
Other services	6,500	-
Tax services	4,400	4,400
	<u>15,000</u>	<u>12,650</u>

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

None of the directors received any remuneration during the year from the company (2014: same). The company does not employ any staff (2014: same).

5. FINANCE COSTS (NET)

	2015 £	2014 £
Interest receivable and similar income		
Bank interest	153	143
	<u>153</u>	<u>143</u>

MASSHOUSE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2015

6. TAXATION

Analysis of tax charge / (credit)	2015 £	2014 £
Current tax		
UK corporation tax	-	-
Adjustments in respect of prior years	1	(53)
Total current tax charge/(credit)	<u>1</u>	<u>(53)</u>
Deferred tax		
Origination and reversal timing differences	95,837	(15,622)
Adjustments in respect of previous periods	1	52
Effect of change in tax rates	(1,166)	1,085
Total deferred tax charge/(credit)	<u>94,672</u>	<u>(14,485)</u>
Tax charge/(credit) for the year	<u>94,673</u>	<u>(14,538)</u>

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

The tax assessed for the year is higher (2014: higher) than that resulting from applying the standard rate of corporation tax in the UK of 20.25% (2014: 21.49%). The differences are explained below:

	2015 £	2014 £
Profit/(loss) on ordinary activities before tax	<u>24,331</u>	<u>(79,879)</u>
Tax on profit/(loss) on ordinary activities before taxation at 20.25% (2014: 21.49%) thereon	4,926	(17,169)
Effects of:		
Expenses not deductible for tax purposes	90,912	1,547
Effect of change in tax rates	(1,166)	1,085
Adjustments in respect of prior years	1	(1)
Current tax charge/(credit) for the year	<u>94,673</u>	<u>(14,538)</u>

The deferred tax liability at 31st December 2015 has been calculated based on the rate of 18% (effective from 1 April 2020) substantively enacted at the balance sheet date.

MASSHOUSE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2015

7. INVESTMENTS

Cost and Net book value	£
At 1 January 2015	2
Additions	2
31 December 2015	4

Investments are held at cost less impairment because their fair value cannot be measured reliably.

During the year the company acquired 100% of the ordinary share capital of Lighthouse Apartments Limited and Lighthouse Management Limited who were both newly incorporated during the year to December 2015.

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

Subsidiary undertakings:	Country of incorporation	Principal activity	Holding	Profit / (loss) for the year £	Aggregate share capital and reserves £
Masshouse Site 3 Management Limited	UK	Dormant	100%	-	1
Masshouse Commercial Block HI Limited	UK	Property development	100%	41,853	2,030,488
Lighthouse Apartments Limited	UK	Dormant	100%	-	1
Lighthouse Management Limited	UK	Dormant	100%	-	1

All of the holdings above represent ordinary shares held.

Consolidated financial statements have not been prepared as the combined group is exempt under the small companies' regime.

8. STOCKS

	2015 £	2014 £
Work in progress	961,598	325,948

9. DEBTORS

Amounts falling due within one year:	2015 £	2014 £
Trade debtors	27,288	52,440
Amounts owed by related parties (see note 13)	11,004,746	10,958,571
Prepayment and accrued income	6,470	3,843
Deferred tax asset (see note 11)	29,394	124,066
	11,067,898	11,138,920

MASSHOUSE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2015

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Trade creditors	216,559	72,198
Amounts owed to related parties (see note 13)	1,976,416	1,501,094
Amounts owed to subsidiary undertakings (see note 13)	-	2
Accruals and deferred income	63,868	41,326
Other creditors	-	5,033
UK corporation tax	1	-
Loan stock	10,288,869	10,288,869
	<u>12,545,713</u>	<u>11,908,522</u>

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

	2015 £	2014 £
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. As discussed in the directors' report, the directors have received written confirmation from the loan stock holders that repayment will not be sought until the company has sufficient financial resources to be able to repay the loan stock. No interest is charged.

11. DEFERRED TAXATION ASSET

	2015 £
Opening balance	124,066
Charged to the profit and loss account	(94,672)
Closing balance	<u>29,394</u>

	2015 £	2014 £
Analysis of deferred tax		
Depreciation in excess of capital allowances	7,878	7,878
Losses	21,516	116,188
Closing balance	<u>29,394</u>	<u>124,066</u>

There is no unrecognised deferred tax in either year.

MASSHOUSE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2015

12. CALLED UP SHARE CAPITAL

	2015	2014
	£	£
Called up and allotted:		
2 A ordinary shares of £1 each (2014: 2)	2	2
2 B ordinary shares of £1 each (2014: 2)	2	2
	<u>4</u>	<u>4</u>

All shares rank pari-passu.

13. RELATED PARTY DISCLOSURES

As at 31 December 2015, 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 14) are included in debtors:

	2015	2014
	£	£
Evora Apartments Limited	90,200	112,607
Buro Services Limited	650,001	650,001
Masshouse Commercial Block HI Limited	-	120
Nikal Limited	10,263,928	9,747,026
Cathedral Park Developments Limited	-	448,817
Lighthouse Apartments Limited (subsidiary)	617	-
	<u>11,004,746</u>	<u>10,958,571</u>

The reduction in the balance with Cathedral Park Developments Limited is due to a provision for impairment being made during the current year.

Included in creditors are the following related party balances:

	2015	2014
	£	£
Evora Developments Limited	1,295,967	945,965
Masshouse Site 3 Management Limited (subsidiary)	-	1
Masshouse Residential Block MI Limited	-	1
Masshouse Commercial Block HI Limited (subsidiary)	730,449	555,129
Buro Services Limited (loan notes)	5,700,591	5,700,591
Evora Developments Limited (loan notes)	4,588,278	4,588,278
	<u>12,265,285</u>	<u>11,789,965</u>

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

	2015	2014
	£	£
Management fees (with Evora Developments Limited)	<u>300,000</u>	<u>300,000</u>

MASSHOUSE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2015

14. CONTROLLING PARTIES

As at 31 December 2015, 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. Mr Allan Murphy also controls Buro Services Limited.

15. EXPLANATION OF TRANSITION TO FRS 102

This is the first year that the company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014. As a consequence of adopting FRS 102, there a number of accounting policies that have changed to comply with that standard however no adjustments arose as a result of the transition that affected equity or the loss for the financial year ended 31 December 2014.