

Company Registration No. 04627713 (England and Wales)

APARTMENT 1 LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

APARTMENT 1 LIMITED

COMPANY INFORMATION

Director	D Fisher
Secretary	A J Fisher
Company number	04627713
Registered office	The Apartment Group 1st Floor, Two Jesmond Three Sixty Newcastle upon Tyne NE2 1DB
Auditor	RMT Accountants & Business Advisors Ltd Gosforth Park Avenue Newcastle upon Tyne NE12 8EG
Business address	26-32 Collingwood Street Newcastle upon Tyne NE1 1JF

APARTMENT 1 LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Director's report	3 - 4
Independent auditor's report	5 - 6
Profit and loss account	7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 - 24

APARTMENT 1 LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2020

The director presents the strategic report for the year ended 31 July 2020.

Principal activity

The principal activity of the company is that of a wine bar and night club operator.

Fair review of the business

The year ended 31 July 2020 was heavily impacted by the COVID-19 pandemic.

On 23 March 2020 the UK Government announced the first lockdown in the UK and ordered the public to stay at home. All pubs, restaurants and hotels were legally forced to close until 4 July 2020. Although lockdown was lifted on 4 July 2020, trading restrictions at that time led to a decision not to re-open the venues.

As a result of the business not trading for the last 4 months of the year, revenue was down by 43.4% on last year.

In order to attract a new demographic to the venues, work on a £2m re-development of Collingwood Street commenced before the year end. It is believed this will strike a balance of meeting the needs of a changing customer base and providing the premium level of social experience it has provided for many years.

Key performance indicators

The director considers turnover, gross profit and EBITDA (earnings before interest, tax, depreciation and amortisation) to be the key measures of the company's performance:

- Turnover has decreased in the year to £2,182,306.
- Gross profit margin has decreased during the year from 85.2% to 82.8%.
- EBITDA for the year was £372,740 (2019 - £1,208,841).
- Profit after tax for the year was £72,846 (2019 - £677,577).

The balance sheet shows that the company net assets have decreased from £8,085,598 to £6,958,444. The company generated cash from operations of £580,284 and invested £902,329 in fixed assets over the period.

The director considers the company's financial performance and position to be satisfactory in the light of current trading conditions.

Fixed assets

In the opinion of the director, the value of the company's land and buildings are not materially in excess of that shown in the financial statements when considered in relation to its use in the company's trade.

APARTMENT 1 LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The board reviews these risks and puts in place policies to mitigate them. The key business and financial risks are:

Employees

The company's performance depends largely on some key employees. The company provides competitive remuneration packages to ensure key employees are both retained and incentivised.

Environment, health and safety incidents

Appropriate measures are implemented to ensure the risk of any environmental and health and safety issues are minimised. The company strives to maintain high standards in these areas.

Interest rate risk

The company monitors interest rate risk and considers that its current policy meets its objectives of managing its exposure.

Liquidity risk

The director regularly monitors the financial information to ensure that any risks in this area are considered on a timely basis.

Credit risk

The director regularly monitors debtors to ensure that any risks of bad and doubtful debts are provided for on a timely basis.

COVID-19 risk

The ongoing COVID-19 pandemic continues to generate a significant level of uncertainty in the economy. The company has been able to reduce administrative costs across the business and has taken advantage of government assistance in the form of the Coronavirus job retention scheme. This has ensured company cash flow has been positively managed and the impact on the company's operations has been mitigated. The director continues to regularly assess the likely effects on company operations in an attempt to mitigate this risk as far as practicable.

Future developments

The company is undergoing a £2m re-development of Collingwood Street and will be re-branded as 'The Collingwood Collection'. The investment will provide an updated experience for the company's customers.

On behalf of the board

D Fisher

Director

Approved by the board on 30 April 2021

APARTMENT 1 LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 JULY 2020

The director presents his annual report and financial statements for the year ended 31 July 2020.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

D Fisher

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £1,200,000. The director does not recommend payment of a final dividend.

Auditor

In accordance with the company's articles, a resolution proposing that RMT Accountants & Business Advisors Ltd be reappointed as auditor of the company will be put at a General Meeting.

Statement of director's responsibilities

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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.

APARTMENT 1 LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

On the 20 March 2020, the UK Government announced the temporary closure of all pubs, restaurants and hotels following the outbreak of COVID-19 in the UK. Social distancing measures and restrictions on trading have remained in place since that date. The UK Government have announced a 'Roadmap out of lockdown' under which restrictions will remain in place until at least 21 June 2021. Trading restrictions in place have had a detrimental impact on the trading performance of the business.

However, the director has an expectation that trade will return to near pre-COVID levels once all restrictions are lifted. The expectation is supported by financial forecasts which demonstrate a return to profitability and positive cash flows on a reduced level of revenue. Additionally, the company has the financial support of its bankers and other companies owned by the director.

Therefore the director has considered the impact of the current environment on the business for the next 12 months from the approval of the balance sheet date and concluded the business has access to adequate financial resources to enable it to continue trading at a reduced level for the foreseeable future.

The director acknowledges the depth and duration of COVID-19 is still an unknown factor. In the unlikely event the government deviates from its planned 'Roadmap out of Lockdown' this could lead to uncertainty on future trading, the timing of cash flows and financial resources.

D Fisher

Director

Approved by the board on 30 April 2021

APARTMENT 1 LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF APARTMENT 1 LIMITED

Opinion

We have audited the financial statements of Apartment 1 Limited (the 'company') for the year ended 31 July 2020 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2020 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 1.2 in the financial statements. There are still significant unknowns on the depth and duration of COVID-19. In the event the government deviates from its planned 'Roadmap out of Lockdown' there could be uncertainties on future trading, the timing of cash flows and financial resources.

In this situation such material uncertainties may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

APARTMENT 1 LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF APARTMENT 1 LIMITED

Matters on which we are required to report by exception

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 strategic report and the director's report.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <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 member 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 member those matters we are required to state to him 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 member for our audit work, for this report, or for the opinions we have formed.

Paul Gainford (Senior Statutory Auditor)
for and on behalf of RMT Accountants & Business Advisors Ltd
Statutory Auditor
Gosforth Park Avenue
Newcastle upon Tyne
NE12 8EG

Date: 30 April 2021

APARTMENT 1 LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JULY 2020

	Notes	2020 £	2019 £
Turnover	3	2,182,306	3,855,482
Cost of sales		(375,688)	(571,316)
Gross profit		1,806,618	3,284,166
Administrative expenses		(2,749,705)	(3,316,594)
Other operating income		1,210,634	1,131,921
Operating profit	4	267,547	1,099,493
Interest receivable and similar income	7	7,443	1,129
Interest payable and similar expenses	8	(165,986)	(253,072)
Profit before taxation		109,004	847,550
Tax on profit	9	(36,158)	(169,973)
Profit for the financial year		72,846	677,577

The profit and loss account has been prepared on the basis that all operations are continuing operations.

APARTMENT 1 LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2020

	2020	2019
	£	£
Profit for the year	72,846	677,577
Other comprehensive income	-	-
Total comprehensive income for the year	<u>72,846</u>	<u>677,577</u>

APARTMENT 1 LIMITED

BALANCE SHEET

AS AT 31 JULY 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	11	5,335,515		4,540,546	
Current assets					
Stocks	12	106,702		106,944	
Debtors falling due after more than one year					
	13	3,841,430		3,318,616	
Debtors falling due within one year	13	1,529,728		2,327,821	
Cash at bank and in hand		2,652,726		3,796,558	
		8,130,586		9,549,939	
Creditors: amounts falling due within one year	14	(1,202,847)		(1,223,394)	
Net current assets		6,927,739		8,326,545	
Total assets less current liabilities		12,263,254		12,867,091	
Creditors: amounts falling due after more than one year	15	(5,193,952)		(4,673,017)	
Provisions for liabilities					
Deferred tax liability	17	110,858		108,476	
		(110,858)		(108,476)	
Net assets		6,958,444		8,085,598	
Capital and reserves					
Called up share capital	19	100		100	
Profit and loss reserves		6,958,344		8,085,498	
Total equity		6,958,444		8,085,598	

The financial statements were approved and signed by the director and authorised for issue on 30 April 2021

D Fisher
Director

Company Registration No. 04627713

APARTMENT 1 LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2020

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 August 2018		100	7,407,921	7,408,021
Year ended 31 July 2019:				
Profit and total comprehensive income for the year		-	677,577	677,577
Balance at 31 July 2019		100	8,085,498	8,085,598
Year ended 31 July 2020:				
Profit and total comprehensive income for the year		-	72,846	72,846
Dividends	10	-	(1,200,000)	(1,200,000)
Balance at 31 July 2020		100	6,958,344	6,958,444

APARTMENT 1 LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2020

		2020	2019
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	24	580,284	2,511,594
Interest paid		(165,986)	(253,072)
Income taxes paid		-	(202,700)
Net cash inflow from operating activities		414,298	2,055,822
Investing activities			
Purchase of tangible fixed assets		(902,329)	(141,269)
Proceeds on disposal of tangible fixed assets		2,167	-
Interest received		7,443	1,129
Net cash used in investing activities		(892,719)	(140,140)
Financing activities			
Proceeds of new bank loans		700,000	5,100,000
Repayment of bank loans		(165,411)	(5,263,833)
Dividends paid		(1,200,000)	-
Net cash used in financing activities		(665,411)	(163,833)
Net (decrease)/increase in cash and cash equivalents		(1,143,832)	1,751,849
Cash and cash equivalents at beginning of year		3,796,558	2,044,709
Cash and cash equivalents at end of year		2,652,726	3,796,558

APARTMENT 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

Company information

Apartment 1 Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Apartment Group 1st Floor, Two, Jesmond Three Sixty, Newcastle upon Tyne, NE2 1DB. The principal business address is 26-36 Collingwood Street, NE1 1JF.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The director has adopted the going concern basis in preparing these financial statements after assessing the principal risks and having considered the impact of COVID-19.

On the 20 March 2020, the UK Government announced the temporary closure of all pubs, restaurants and hotels following the outbreak of COVID-19 in the UK. Social distancing measures and restrictions on trading have remained in place since that date. The UK Government have announced a 'Roadmap out of lockdown' under which restrictions will remain in place until at least 21 June 2021. Trading restrictions in place have had a detrimental impact on the trading performance of the business.

However, the director has an expectation that trade will return to near pre-COVID levels once all restrictions are lifted. The expectation is supported by financial forecasts which demonstrate a return to profitability and positive cash flows on a reduced level of revenue. Additionally, the company has the financial support of its bankers and other companies owned by the director.

Therefore the director has considered the impact of the current environment on the business for the next 12 months from the approval of the balance sheet date and concluded the business has access to adequate financial resources to enable it to continue trading at a reduced level for the foreseeable future.

The director acknowledges the depth and duration of COVID-19 is still an unknown factor. In the unlikely event the government deviates from its planned 'Roadmap out of Lockdown' this could lead to uncertainty on future trading, the timing of cash flows and financial resources.

1.3 Turnover

Turnover represents the total value of bar and door takings, excluding value added tax. Turnover is attributable to the continuing principal activity of the company and arose wholly within the United Kingdom.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

APARTMENT 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Tenants improvements	Straight line over the life of the lease
Leasehold property	Straight line over the life of the lease
Plant and machinery	10% reducing balance
Fixtures, fittings and equipment	15% reducing balance
Motor vehicles	20% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.6 Stocks

Stock is valued at the lower of cost and estimated selling price less costs to complete and sell.

Cost is calculated on goods for resale as the purchase price on the cost of the stock.

Net realisable value is based on estimated selling price.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

APARTMENT 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from connected companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

APARTMENT 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received, if considered material to the financial statements.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

The company provides a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

1.12 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

APARTMENT 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Assessing indicators of impairment

In assessing whether there have been any indications of impairment of assets, the director has considered both external and internal sources of information such as market conditions and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Determining residual values and useful economic lives of tangible fixed assets

The company depreciates tangible fixed assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual values for tangible fixed assets. When determining the residual value management aim to assess the amount that the company would currently obtain for disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices. The carrying amount of tangible fixed assets at the reporting end date was £5,335,935 (2019 - £4,540,546).

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2020	2019
	£	£
Turnover analysed by class of business		
Bar and door takings	2,182,306	3,855,482

APARTMENT 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

3 Turnover and other revenue (Continued)

	2020	2019
	£	£
Other significant revenue		
Room hire	7,393	12,877
Head office recharges	921,854	1,099,798
Grants received	279,777	-
	<u>279,777</u>	<u>-</u>

Turnover has arisen wholly within the UK.

4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	(280,277)	(500)
Fees payable to the company's auditor for the audit of the company's financial statements	6,000	6,000
Depreciation of owned tangible fixed assets	105,193	109,348
	<u>105,193</u>	<u>109,348</u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020	2019
	Number	Number
Director	1	1
Operational	92	107
Administration and finance	26	16
	<u>119</u>	<u>124</u>

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	670,371	946,451
Social security costs	29,143	41,216
Pension costs	20,288	18,291
	<u>719,802</u>	<u>1,005,958</u>

APARTMENT 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

6	Director's remuneration	2020	2019
		£	£
	Remuneration for qualifying services	37,786	21,967
		<u> </u>	<u> </u>
7	Interest receivable and similar income	2020	2019
		£	£
	Interest income		
	Interest on bank deposits	7,443	1,129
		<u> </u>	<u> </u>
8	Interest payable and similar expenses	2020	2019
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Other interest on financial liabilities	165,986	247,570
	Other finance costs:		
	Other interest	-	5,502
		<u> </u>	<u> </u>
		165,986	253,072
		<u> </u>	<u> </u>
9	Taxation	2020	2019
		£	£
	Current tax		
	UK corporation tax on profits for the current period	34,831	155,402
	Adjustments in respect of prior periods	(1,055)	3,598
		<u> </u>	<u> </u>
	Total current tax	33,776	159,000
		<u> </u>	<u> </u>
	Deferred tax		
	Origination and reversal of timing differences	2,119	10,973
	Adjustment in respect of prior periods	263	-
		<u> </u>	<u> </u>
	Total deferred tax	2,382	10,973
		<u> </u>	<u> </u>
	Total tax charge	36,158	169,973
		<u> </u>	<u> </u>

APARTMENT 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	109,004	847,550
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	20,711	161,035
Tax effect of expenses that are not deductible in determining taxable profit	5,291	118
Adjustments in respect of prior years	(150)	3,598
Permanent capital allowances in excess of depreciation	8,187	(5,752)
Deferred tax adjustment	2,119	10,974
Taxation charge for the year	36,158	169,973

10 Dividends

	2020 £	2019 £
Ordinary interim paid	1,200,000	-

APARTMENT 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

11 Tangible fixed assets

	Tenants improvements	Leasehold property	Plant and fixtures, machinery and equipment	Fittings and equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 August 2019	594,805	3,235,417	1,235,284	1,062,871	35,721	6,164,098
Additions	-	-	10,950	882,879	8,500	902,329
Disposals	(2,167)	-	-	(557)	-	(2,724)
At 31 July 2020	592,638	3,235,417	1,246,234	1,945,193	44,221	7,063,703
Depreciation						
At 1 August 2019	146,677	38,088	806,884	611,026	20,877	1,623,552
Charge for the year	11,871	3,242	43,352	42,343	4,385	105,193
Eliminated in respect of disposals	(220)	-	-	(337)	-	(557)
At 31 July 2020	158,328	41,330	850,236	653,032	25,262	1,728,188
Carrying amount						
At 31 July 2020	434,310	3,194,087	395,998	1,292,161	18,959	5,335,515
At 31 July 2019	448,128	3,197,329	428,400	451,845	14,844	4,540,546

12 Stocks

	2020 £	2019 £
Goods for resale	106,702	106,944

13 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	27,877	40,504
Amounts due from connected companies	724,186	796,708
Other debtors	659,756	1,207,057
Prepayments and accrued income	117,909	283,552
	1,529,728	2,327,821
Amounts falling due after more than one year:		
Amounts due from connected companies	3,841,430	3,318,616
Total debtors	5,371,158	5,646,437

APARTMENT 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

14 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	16	285,704	272,550
Trade creditors		374,684	271,021
Amounts due to connected companies		86,535	89,963
Corporation tax		176,812	143,036
Other taxation and social security		116,155	229,011
Other creditors		72,759	64,402
Accruals and deferred income		90,198	153,411
		<u>1,202,847</u>	<u>1,223,394</u>

15 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	16	5,177,953	4,656,518
Government grants		15,999	16,499
		<u>5,193,952</u>	<u>4,673,017</u>

16 Loans and overdrafts

	2020 £	2019 £
Bank loans	<u>5,463,657</u>	<u>4,929,068</u>
Payable within one year	285,704	272,550
Payable after one year	<u>5,177,953</u>	<u>4,656,518</u>

Bank loans are secured by way of an unlimited guarantee granted by Apartment 1 Limited and associated companies Newton Hall (Northumberland) Limited, Manners (Newcastle) Limited and Vibrant Ventures Limited. The loans are also secured by way of a debenture over all four companies and a fixed and floating legal charge over the assets of these companies.

APARTMENT 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Accelerated capital allowances	110,858	108,476
Movements in the year:		2020 £
Liability at 1 August 2019		108,476
Charge to profit or loss		2,382
Liability at 31 July 2020		110,858

18 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	20,288	18,291

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

19 Share capital

	2020 £	2019 £
Ordinary share capital Issued and fully paid		
100 Ordinary of £1 each	100	100

The company has one class of ordinary shares which do not carry a right to fixed income.

20 Financial commitments, guarantees and contingent liabilities

The company has given an unlimited cross guarantee in favour of Natwest Bank Plc in respect of the bank borrowings of Apartment 1 Limited, Newton Hall (Northumberland) Limited, Manners (Newcastle) Limited and Vibrant Ventures Limited. No liability is expected to arise as a result of this guarantee.

APARTMENT 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

21 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020 £	2019 £
Aggregate compensation	37,786	21,967

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Head office recharges:	
	2020 £	2019 £
Other related parties	921,854	1,099,798

The following amounts were outstanding at the reporting end date:

	2020 £	2019 £
Amounts owed to related parties		
Other related parties	86,535	89,963
	86,535	89,963

The following amounts were outstanding at the reporting end date:

	2019 £	2018 £
Amounts owed by related parties		
Other related parties	4,565,616	4,115,324
	4,565,616	4,115,324

22 Directors' transactions

Dividends totalling £1,200,000 (2019 - £0) were paid in the year in respect of shares held by the company's director.

Included within debtors due within one year is an amount owed by D Fisher, director and shareholder of the company amounting to £523,211 (2019 - £1,095,545).

23 Ultimate controlling party

D Fisher is the controlling party by virtue of his interest in the issued share capital of the company.

APARTMENT 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

24 Cash generated from operations

	2020 £	2019 £
Profit for the year after tax	72,846	677,577
Adjustments for:		
Taxation charged	36,158	169,973
Finance costs	165,986	253,072
Investment income	(7,443)	(1,129)
Depreciation and impairment of tangible fixed assets	105,193	109,348
Movements in working capital:		
Decrease/(increase) in stocks	242	(9,770)
Decrease in debtors	275,279	1,487,532
Decrease in creditors	(67,477)	(174,509)
Decrease in deferred income	(500)	(500)
Cash generated from operations	<u>580,284</u>	<u>2,511,594</u>

25 Analysis of changes in net debt

	1 August 2019 £	Cash flows £	31 July 2020 £
Cash at bank and in hand	3,796,558	(1,143,832)	2,652,726
Borrowings excluding overdrafts	(4,929,068)	(534,589)	(5,463,657)
	<u>(1,132,510)</u>	<u>(1,678,421)</u>	<u>(2,810,931)</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.