

Company Registration No. 04627713 (England and Wales)

**APARTMENT 1 LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2017**

# APARTMENT 1 LIMITED

## COMPANY INFORMATION

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

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# APARTMENT 1 LIMITED

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# **APARTMENT 1 LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 JULY 2017**

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The director presents the strategic report for the year ended 31 July 2017.

#### **Principal activity**

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

#### **Financial performance, financial position and 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 increased in the year by 5.9% to £5,378,416.
- Gross profit margin has increased during the year from 83.5% to 83.6%.
- EBITDA for the year was £2,066,670 (2016 - £2,122,402).
- Profit after tax for the year was £1,428,563 (2016 - £1,433,369).

The balance sheet shows that the company net assets have increased significantly to £7,150,613 from £6,722,050. The company generated cash from operations of £3,473,187, invested £102,901 in fixed assets over the period and made repayments of £560,977 against the current loan borrowings increasing cash levels to £2,369,073 from £552,111 over the year.

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.

#### **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.

## **APARTMENT 1 LIMITED**

### **STRATEGIC REPORT (CONTINUED)** **FOR THE YEAR ENDED 31 JULY 2017**

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#### **Future developments**

The director believes that the company is well placed in terms of strategic and market position to maximise its ability to generate sales and satisfy customer demand, in spite of the difficult economic conditions currently facing the business.

On behalf of the board

**D Fisher**

**Director**

Approved by the board on 17 August 2018

# **APARTMENT 1 LIMITED**

## **DIRECTOR'S REPORT**

### **FOR THE YEAR ENDED 31 JULY 2017**

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The director presents his annual report and financial statements for the year ended 31 July 2017.

#### **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 8.

Ordinary dividends were paid amounting to £1,000,000. 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 2017**

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#### **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 and fixed assets.

#### **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.

**D Fisher**

**Director**

Approved by the board on 17 August 2018

# APARTMENT 1 LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBER OF APARTMENT 1 LIMITED

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#### Opinion

We have audited the financial statements of Apartment 1 Limited (the 'company') for the year ended 31 July 2017 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 2017 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.

#### Material uncertainty related to going concern

We draw attention to note 1 in the financial statements which indicates that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. As at the date of approving the financial statements, the company is in the process of refinancing part of its bank loan. £5m is due for repayment in August 2018 however the bank has indicated it will roll the facility on until the refinancing process is finalised. The director is confident that funding arrangements will be finalised in the coming quarter and financial forecasts support the going concern assumption.

Our opinion is not modified in respect of this matter.

#### Other information

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

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

We have nothing to report in this regard.



## **APARTMENT 1 LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBER OF APARTMENT 1 LIMITED**

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##### **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.

##### **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 directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

##### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **APARTMENT 1 LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBER OF APARTMENT 1 LIMITED**

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##### **The purpose of our audit work and to whom we owe our responsibilities**

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.

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

Date: 17 August 2018

## APARTMENT 1 LIMITED

### PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JULY 2017

	Notes	2017 £	2016 £
<b>Turnover</b>	<b>3</b>	5,378,416	5,078,881
Cost of sales		(883,440)	(839,950)
<b>Gross profit</b>		<u>4,494,976</u>	<u>4,238,931</u>
Administrative expenses		(3,357,944)	(2,815,779)
Other operating income		804,953	576,436
<b>Operating profit</b>	<b>4</b>	<u>1,941,985</u>	<u>1,999,588</u>
Interest receivable and similar income	<b>7</b>	7,653	5
Interest payable and similar expenses	<b>8</b>	(162,151)	(202,841)
<b>Profit before taxation</b>		<u>1,787,487</u>	<u>1,796,752</u>
Tax on profit	<b>9</b>	(358,924)	(363,383)
<b>Profit for the financial year</b>		<u><u>1,428,563</u></u>	<u><u>1,433,369</u></u>

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 2017**

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	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Profit for the year</b>	1,428,563	1,433,369
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income for the year</b>	<u>1,428,563</u>	<u>1,433,369</u>

# APARTMENT 1 LIMITED

## BALANCE SHEET

AS AT 31 JULY 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Tangible assets	11	4,589,159		4,610,943	
<b>Current assets</b>					
Stocks	13	130,074		115,719	
Debtors	14	7,343,015		9,466,094	
Cash at bank and in hand		2,369,073		552,111	
		<u>9,842,162</u>		<u>10,133,924</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(2,060,996)</u>		<u>(2,208,036)</u>	
<b>Net current assets</b>		<u>7,781,166</u>		<u>7,925,888</u>	
<b>Total assets less current liabilities</b>		<u>12,370,325</u>		<u>12,536,831</u>	
<b>Creditors: amounts falling due after more than one year</b>	16	(5,114,676)		(5,693,131)	
<b>Provisions for liabilities</b>	18	(105,036)		(121,650)	
<b>Net assets</b>		<u>7,150,613</u>		<u>6,722,050</u>	
<b>Capital and reserves</b>					
Called up share capital	21	100		100	
Profit and loss reserves		<u>7,150,513</u>		<u>6,721,950</u>	
<b>Total equity</b>		<u>7,150,613</u>		<u>6,722,050</u>	

The financial statements were approved and signed by the director and authorised for issue on 17 August 2018

**D Fisher**  
**Director**

**Company Registration No. 04627713**

## APARTMENT 1 LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2017

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
<b>Balance at 1 August 2015</b>		100	6,288,581	6,288,681
<b>Year ended 31 July 2016:</b>				
Profit and total comprehensive income for the year		-	1,433,369	1,433,369
Dividends	10	-	(1,000,000)	(1,000,000)
<b>Balance at 31 July 2016</b>		100	6,721,950	6,722,050
<b>Year ended 31 July 2017:</b>				
Profit and total comprehensive income for the year		-	1,428,563	1,428,563
Dividends	10	-	(1,000,000)	(1,000,000)
<b>Balance at 31 July 2017</b>		100	7,150,513	7,150,613

# APARTMENT 1 LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2017

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	26	4,162,347		2,058,100	
Interest paid		(162,151)		(202,841)	
Income taxes paid		(527,009)		(391,526)	
<b>Net cash inflow from operating activities</b>		3,473,187		1,463,733	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(102,901)		(73,715)	
Interest received		7,653		5	
<b>Net cash used in investing activities</b>		(95,248)		(73,710)	
<b>Financing activities</b>					
Repayment of bank loans		(560,977)		(593,243)	
Dividends paid		(1,000,000)		(1,000,000)	
<b>Net cash used in financing activities</b>		(1,560,977)		(1,593,243)	
<b>Net increase/(decrease) in cash and cash equivalents</b>		1,816,962		(203,220)	
Cash and cash equivalents at beginning of year		552,111		755,331	
<b>Cash and cash equivalents at end of year</b>		2,369,073		552,111	

# APARTMENT 1 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JULY 2017

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#### 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.

##### Going concern - material uncertainty

These financial statements are prepared on the going concern basis. The director has a reasonable expectation that the company will continue in operational existence for the foreseeable future.

Included within creditors due after more one year is a final loan instalment of £5,097,177 payable to the bank in August 2018 however the bank has indicated it will roll the facility on until the refinancing process is finalised. The director is confident that funding arrangements will be finalised in the coming quarter and financial forecasts support the going concern assumption.

##### 1.2 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.

##### 1.3 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.

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.

##### 1.4 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).



## APARTMENT 1 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2017

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#### 1 Accounting policies

(Continued)

##### 1.5 Stocks

Stock is valued at the lower of cost and net realisable value.

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.

##### 1.6 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.

###### **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.

# APARTMENT 1 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2017

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### 1 Accounting policies

(Continued)

#### **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.

#### **Derecognition of financial liabilities**

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

### 1.7 Equity instruments

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

### 1.8 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.

### 1.9 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.

### 1.10 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.

# APARTMENT 1 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2017

### 1 Accounting policies

(Continued)

#### 1.11 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.

### 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 directors have 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 £4,594,892 (2016 - £4,610,943).

### 3 Turnover and other revenue

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

	2017 £	2016 £
<b>Turnover analysed by class of business</b>		
Bar and door takings	5,378,416	5,078,881

# APARTMENT 1 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2017

### 3 Turnover and other revenue (Continued)

	2017 £	2016 £
<b>Other significant revenue</b>		
Room hire	32,280	13,422
Head office recharges	769,361	559,314
	<u>769,361</u>	<u>559,314</u>
	<b>2017 £</b>	<b>2016 £</b>
<b>Turnover analysed by geographical market</b>		
United Kingdom	5,378,416	5,078,881
	<u>5,378,416</u>	<u>5,078,881</u>

### 4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(500)	(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	124,685	122,814
	<u>124,685</u>	<u>122,814</u>

### 5 Employees

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

	2017 Number	2016 Number
Director	1	1
Operational	98	128
Administration and finance	20	15
	<u>119</u>	<u>144</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	1,114,677	1,034,523
Social security costs	41,570	37,924
Pension costs	6,148	5,973
	<u>1,162,395</u>	<u>1,078,420</u>

# APARTMENT 1 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2017

<b>6</b>	<b>Director's remuneration</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	Remuneration for qualifying services	12,180	23,545
		<u>          </u>	<u>          </u>
<b>7</b>	<b>Interest receivable and similar income</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	<b>Interest income</b>		
	Interest on bank deposits	3	5
	Other interest income	7,650	-
		<u>          </u>	<u>          </u>
	Total income	7,653	5
		<u>          </u>	<u>          </u>
<b>8</b>	<b>Interest payable and similar expenses</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	<b>Interest on financial liabilities measured at amortised cost:</b>		
	Other interest on financial liabilities	155,256	197,841
		<u>          </u>	<u>          </u>
	<b>Other finance costs:</b>		
	Other interest	6,895	5,000
		<u>          </u>	<u>          </u>
		162,151	202,841
		<u>          </u>	<u>          </u>
<b>9</b>	<b>Taxation</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	<b>Current tax</b>		
	UK corporation tax on profits for the current period	353,923	359,971
	Adjustments in respect of prior periods	21,615	-
		<u>          </u>	<u>          </u>
	Total current tax	375,538	359,971
		<u>          </u>	<u>          </u>
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	(16,614)	3,412
		<u>          </u>	<u>          </u>
	Total tax charge	358,924	363,383
		<u>          </u>	<u>          </u>

A reduction in the UK corporation tax rate from 20% to 19% took effect from 1 April 2017.

# APARTMENT 1 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2017

### 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:

	2017 £	2016 £
Profit before taxation	1,787,487	1,796,752
Expected tax charge based on the standard rate of corporation tax in the UK of 19.67% (2016: 20.00%)	351,599	359,350
Tax effect of expenses that are not deductible in determining taxable profit	1,319	1,005
Adjustments in respect of prior years	21,615	-
Permanent capital allowances in excess of depreciation	1,005	(384)
Deferred tax adjustment	(16,614)	3,412
Taxation charge for the year	358,924	363,383

### 10 Dividends

	2017 £	2016 £
Ordinary interim paid	1,000,000	1,000,000

### 11 Tangible fixed assets

	Tenants improvements	Leasehold property	Plant and fixtures, machinery and equipment	Fittings and motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 August 2016	594,805	3,235,417	1,127,003	917,324	5,882,309
Additions	-	-	53,438	21,502	102,901
At 31 July 2017	594,805	3,235,417	1,180,441	938,826	5,985,210
<b>Depreciation</b>					
At 1 August 2016	110,989	28,362	666,853	457,851	1,271,366
Charge for the year	11,896	3,242	47,864	56,467	124,685
At 31 July 2017	122,885	31,604	714,717	514,318	1,396,051
<b>Carrying amount</b>					
At 31 July 2017	471,920	3,203,813	465,724	424,508	4,589,159
At 31 July 2016	483,816	3,207,055	460,150	449	4,610,943

# APARTMENT 1 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2017

### 12 Financial instruments

	2017 £	2016 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	7,036,481	9,301,380
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	6,376,327	6,952,964

### 13 Stocks

	2017 £	2016 £
Goods for resale	130,074	115,719

### 14 Debtors

	2017 £	2016 £
<b>Amounts falling due within one year:</b>		
Trade debtors	9,697	2,173
Amounts due from connected companies	681,529	682,067
Other debtors	97,358	103,923
Prepayments and accrued income	306,534	164,714
	1,095,118	952,877
<b>Amounts falling due after more than one year:</b>		
Amounts due from connected companies	6,247,897	8,513,217
<b>Total debtors</b>	7,343,015	9,466,094

### 15 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	17	567,564	550,586
Trade creditors		380,633	393,532
Amounts due to connected companies		103,655	110,485
Corporation tax		553,923	705,394
Other taxation and social security		227,923	224,810
Other creditors		103,379	50,513
Accruals and deferred income		123,919	172,716
		2,060,996	2,208,036

## APARTMENT 1 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2017

#### 16 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	17	5,097,177	5,675,132
Government grants		17,499	17,999
		<u>5,114,676</u>	<u>5,693,131</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	2,664,394	3,309,472
	<u>2,664,394</u>	<u>3,309,472</u>

#### 17 Loans and overdrafts

	2017 £	2016 £
Bank loans	5,664,741	6,225,718
	<u>5,664,741</u>	<u>6,225,718</u>
Payable within one year	567,564	550,586
Payable after one year	5,097,177	5,675,132
	<u>5,664,741</u>	<u>6,225,718</u>

The bank loans are secured by way of a debenture dated 15 August 2011 incorporating a fixed and floating charge over the assets of the company and there is a first legal charge dated 15 August 2011 over the leasehold property, together with an assignment over a life policy in the name of the director, Mr D Fisher, in favour of The Co-Operative Bank Plc.

#### 18 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	19	105,036	121,650
		<u>105,036</u>	<u>121,650</u>

#### 19 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 2017 £	Liabilities 2016 £
<b>Balances:</b>		
Accelerated capital allowances	105,036	121,650
	<u>105,036</u>	<u>121,650</u>



# APARTMENT 1 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2017

<b>19</b>	<b>Deferred taxation</b>	<b>(Continued)</b>
		<b>2017</b>
	<b>Movements in the year:</b>	<b>£</b>
	Liability at 1 August 2016	121,650
	Credit to profit or loss	(16,614)
	Liability at 31 July 2017	<u>105,036</u>

<b>20</b>	<b>Retirement benefit schemes</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	<b>Defined contribution schemes</b>		
	Charge to profit or loss in respect of defined contribution schemes	<u>6,148</u>	<u>5,973</u>

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.

<b>21</b>	<b>Share capital</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	<b>Ordinary share capital</b>		
	<b>Issued and fully paid</b>		
	100 Ordinary of £1 each	<u>100</u>	<u>100</u>

### 22 Financial commitments, guarantees and contingent liabilities

The company has given an unlimited cross guarantee in respect of the bank borrowings with Newton Hall (Northumberland) Limited and Manners (Newcastle) Limited. No liability is expected to arise as a result of this guarantee.

### 23 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Aggregate compensation	<u>12,180</u>	<u>23,545</u>

#### Transactions with related parties

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

## APARTMENT 1 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2017

#### 23 Related party transactions

(Continued)

	Head office recharges:	
	2017	2016
	£	£
Other related parties	769,361	559,314

The following amounts were outstanding at the reporting end date:

	2017	2016
	£	£
<b>Amounts owed to related parties</b>		
Other related parties	103,655	110,485
	<u>103,655</u>	<u>110,485</u>

The following amounts were outstanding at the reporting end date:

	2017	2016
	£	£
<b>Amounts owed by related parties</b>		
Other related parties	6,929,426	9,195,284
	<u>6,929,426</u>	<u>9,195,284</u>

#### 24 Directors' transactions

Dividends totalling £1,000,000 (2016 - £1,000,000) were paid in the year in respect of shares held by the company's director.

Included within creditors due within one year is an amount owed to D Fisher, director and shareholder of the company amounting to £25,840 (2016 - £8,125 debtor).

#### 25 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 2017

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#### 26 Cash generated from operations

	2017 £	2016 £
Profit for the year after tax	1,428,563	1,433,369
<b>Adjustments for:</b>		
Taxation charged	358,924	363,383
Finance costs	162,151	202,841
Investment income	(7,653)	(5)
Depreciation and impairment of tangible fixed assets	124,685	122,814
<b>Movements in working capital:</b>		
(Increase)/decrease in stocks	(14,355)	10,110
Decrease/(increase) in debtors	2,123,079	(86,823)
(Decrease)/increase in creditors	(12,547)	12,911
(Decrease) in deferred income	(500)	(500)
<b>Cash generated from operations</b>	<u>4,162,347</u>	<u>2,058,100</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.