

North John Street Op Co Limited

Directors' Report and Financial Statements

Year Ended

5 April 2019

Company Number 08293802



North John Street Op Co Limited

Company Information

Directors	DM Reid TG Brown
Company secretary	SJ Cruickshank
Registered number	08293802
Registered office	15 Golden Square London W1F 9JG
Independent auditor	BDO LLP Citypoint 65 Haymarket Terrace Edinburgh EH12 5HD
Bankers	HSBC Bank Plc Liverpool Commercial Centre Liverpool L2 4SW

North John Street Op Co Limited

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North John Street Op Co Limited
Registered number: 08293802

Balance Sheet
As at 5 April 2019

	Note	2019 £	2019 £	2018 £	2018 £
Current assets					
Stock	8	11,942		19,083	
Debtors: amounts falling due within one year	9	244,291		483,932	
Cash at bank and in hand		195,424		317,748	
		<u>451,657</u>		<u>820,763</u>	
Creditors: amounts falling due within one year	10	(1,779,816)		(1,850,382)	
Net current liabilities			<u>(1,328,159)</u>		<u>(1,029,619)</u>
Total assets less current liabilities			<u>(1,328,159)</u>		<u>(1,029,619)</u>
Creditors: amounts falling due after more than one year	11		(676,162)		(761,321)
Net assets			<u><u>(2,004,321)</u></u>		<u><u>(1,790,940)</u></u>
Capital and reserves					
Called up share capital	13		100		100
Profit and loss account	14		(2,004,421)		(1,791,040)
Total equity			<u><u>(2,004,321)</u></u>		<u><u>(1,790,940)</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

North John Street Op Co Limited ("the Company") has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


TG Brown
Director

Date: 19 December 2019

The notes on pages 2 to 10 form part of these financial statements.

North John Street Op Co Limited

Notes to the Financial Statements For the Year Ended 5 April 2019

1. General information

North John Street Op Co Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the Company's operations and its principal activities are set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 Section 1A Small Entities, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The functional and presentational currency of the Company is pound sterling. The financial statements are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements are prepared on a going concern basis.

The Company is dependent on North John Street LLP, the parent entity, for financial support. North John Street LLP is dependent on its bank continuing to provide sufficient facilities, which were amended and restated on 22 February 2018.

On 15 November 2019, North John Street LLP breached its bank covenants and as a consequence of this its banking facilities may become repayable on demand. North John Street LLP is currently in negotiations with its lenders and is confident that it will be able to secure a funding package. Should North John Street LLP be unable to secure a funding package, given the Company's dependence on North John Street LLP for financial support, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

These conditions indicate the existence of a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern.

These financial statements do not include any adjustments that would result if the Company was unable to continue as a going concern.

North John Street Op Co Limited

Notes to the Financial Statements For the Year Ended 5 April 2019

2. Accounting policies (continued)

2.3 Revenue

Turnover from the sale of goods is (primarily room and bar sales and other activities associated with the running of a hotel) recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the statement of income and retained earnings on a straight line basis over the lease term.

2.5 Finance costs

Finance costs are charged to the statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Borrowing costs

All borrowing costs are recognised in the statement of income and retained earnings in the year in which they are incurred.

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

North John Street Op Co Limited

Notes to the Financial Statements For the Year Ended 5 April 2019

2. Accounting policies (continued)

2.8 Taxation

Tax is recognised in the statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge/(credit) is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.9 Stock

Stock are stated at the lower of cost and net realisable value. Cost includes the cost to purchase the raw materials and is on a first in, first out basis. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties.

North John Street Op Co Limited

Notes to the Financial Statements For the Year Ended 5 April 2019

2. Accounting policies (continued)

2.13 Financial instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of income and retained earnings.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an 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.

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Notes to the Financial Statements For the Year Ended 5 April 2019

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements in applying the accounting policies

The following are the critical judgements that the directors have made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment of current assets

Assets, including stock and debtors, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of income and retained earnings 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 residual 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.

4. Turnover

All turnover arose within the United Kingdom.

5. Employees

The average monthly number of employees, including directors, during the year was 55 (2018 - 53).

6. Directors' remuneration

None of the directors received any remuneration in their role as director (2018 - £Nil).

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Notes to the Financial Statements For the Year Ended 5 April 2019

7. Taxation

	2019 £	2018 £
Taxation on profit on ordinary activities	-	-
Factors affecting tax charge for the year		

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 19% (2018 - 19%).

Factors that may affect future tax charges

The company has a potential deferred tax asset of £323,468 (2018 - £296,519) relating to accumulated losses. In line with accounting standards, this amount is unrecognised due to uncertainty over the timing of future taxable profits.

8. Stock

	2019 £	2018 £
Finished goods and goods for resale	11,942	19,083

Stock recognised in cost of sales during the year as an expense was £305,362 (2018 - £289,942).

North John Street Op Co Limited

Notes to the Financial Statements For the Year Ended 5 April 2019

9. Debtors: amounts falling due within one year

	2019 £	2018 £
Trade debtors	82,181	59,176
Other debtors	110,519	80,337
Prepayments and accrued income	51,591	344,419
	<u>244,291</u>	<u>483,932</u>

10. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	66,170	357,120
Amounts owed to group undertakings	1,242,314	1,026,100
Other taxation and social security	79,604	47,607
Other creditors	2,888	1,935
Accruals and deferred income	388,840	417,620
	<u>1,779,816</u>	<u>1,850,382</u>

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

	2019 £	2018 £
Other loans	<u>676,162</u>	<u>761,321</u>

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Notes to the Financial Statements For the Year Ended 5 April 2019

12. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due 2-5 years		
Other loans	676,162	761,321
	<u>676,162</u>	<u>761,321</u>

Other loans

Loans were made available to the Company by the developer, Ashall Projects (NJS) Limited, subject to the terms of a loan agreement dated 5 April 2013.

The loans will be repaid on the earlier of (i) 8 April 2022 or (ii) sale of the hotel.

Interest on the loan is charged at 4% above LIBOR. Interest is accrued on the loan balance and is repayable on repayment of the loan.

13. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100

Each ordinary share is prescribed equal voting and dividend rights.

14. Reserves

The Company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Profit and loss account

The profit and loss account represents the accumulated profits and losses on the activities of the Company.

15. Contingent liabilities

The bank loan recognised in North John Street LLP is secured by fixed and floating charges over the assets of North John Street LLP and the Company. The company has granted a cross guarantee to secure these banking facilities and has a contingent liability at the balance sheet date amounting to £5,600,000 (2018 - £5,750,000).

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Notes to the Financial Statements For the Year Ended 5 April 2019

16. Pension commitments

At the balance sheet date the Company had £1,584 (2018 - £Nil) contributions outstanding in relation to the defined contribution pension plans of the employees.

17. Related party transactions

The company has taken the exemption available under FRS 102 not to disclose transactions entered into between the company and members of the wholly owned group headed by North John Street LLP.

18. Controlling party

The company is wholly owned by North John Street LLP ("the Partnership") which retains 100% of the voting rights. The Partnership is under the control of its members. The registered office of the Partnership is 15 Golden Square, London, W1F 9JG and consolidated financial statements of the Partnership are available from Companies House.

19. Auditor's information

The auditor's report on the financial statements for the year ended 5 April 2019 was unqualified.

In their report, the auditor emphasised the following matter without qualifying their report:

We draw your attention to note 2.2 to the financial statements, which indicate that the parent entity, North John Street LLP, on whom the Company is dependent for financial support, has breached its banking covenants after the the balance sheet date and is currently in negotiation with its lenders. As stated in note 2.2 these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

The audit report was signed on 19 December 2019 by Martin Gill (Senior Statutory Auditor) on behalf of BDO LLP.