

REGISTERED NUMBER: 05695345 (England and Wales)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

FOR

V22 LONDON LIMITED

V22 LONDON LIMITED (REGISTERED NUMBER: 05695345)

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FOR THE YEAR ENDED 31 DECEMBER 2017**

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V22 LONDON LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2017

DIRECTORS: K T Cranswick
B K McRobie
G Jaweed

SECRETARY: K T Cranswick

REGISTERED OFFICE: 10 - 16 Ashwin Street
London
E8 3DL

REGISTERED NUMBER: 05695345 (England and Wales)

BALANCE SHEET
31 DECEMBER 2017

	Notes	2017		2016	
		£	£	£	£
FIXED ASSETS					
Tangible assets	4		220,746		231,240
Investments	5		700		-
Investment property	6		1,415,000		800,000
			<u>1,636,446</u>		<u>1,031,240</u>
CURRENT ASSETS					
Debtors	7	241,738		138,299	
Cash at bank and in hand		<u>9,898</u>		<u>60,656</u>	
		251,636		198,955	
CREDITORS					
Amounts falling due within one year	8	<u>795,169</u>		<u>715,478</u>	
NET CURRENT LIABILITIES			<u>(543,533)</u>		<u>(516,523)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,092,913		514,717
CREDITORS					
Amounts falling due after more than one year	9		(607,655)		(114,902)
PROVISIONS FOR LIABILITIES			<u>(130,081)</u>		<u>(108,331)</u>
NET ASSETS			<u>355,177</u>		<u>291,484</u>
CAPITAL AND RESERVES					
Called up share capital			100		100
Retained earnings			<u>355,077</u>		<u>291,384</u>
SHAREHOLDERS' FUNDS			<u>355,177</u>		<u>291,484</u>

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors on 31 May 2018 and were signed on its behalf by:

B K McRobie - Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. **STATUTORY INFORMATION**

V22 London Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

This is a departure from last year when the financial statements were prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland". This reflects changes to legislative reporting requirements and the criteria used for eligible small companies.

Going Concern

Accounting standards require the directors to consider the appropriateness of the going concern basis when preparing the financial statements. The directors confirm that they consider the going concern basis remains appropriate notwithstanding net current liabilities.

The addition of new properties to its portfolio has presented a number of challenges to the management team, not least revenue and cash generation. Significant monies have been spent refurbishing properties for studio lets which has taken time and are still in progress. This directly impacts upon the cash generative revenue streams available from these properties which at the same time impacts upon the rate at which refurbishment may be undertaken. Properties acquired including its new investment property in Orpington, Kent are anticipated to increase the income generative abilities of the company.

A funding loan to its new subsidiary undertaking V22 Silvertown Studios Limited has also served to put pressure on the company's liquid resources.

The company has been able to mitigate its funding requirements by achieving a bank loan and an arts impact loan in the year. Negotiations are advancing well with regard to a further bank loan.

The directors may also seek further financial support from its parent company should the need arise and a rescheduling of existing loan repayments.

For the above reasons the directors consider that it is appropriate to prepare the accounts on a going concern basis.

Preparation of consolidated financial statements

The financial statements contain information about V22 London Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 399(2A) of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. ACCOUNTING POLICIES - continued

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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.

Key estimates:

The company has not been assessed to the cost of utilities with regard to one of its leasehold premises since date of occupation. Management have made best estimates of this expense based on meter readings and unit costs associated therewith. The provision amounts to £27,000.

The investment property is subject to estimation uncertainty and is based upon the fair value of cash flows generated/or to be generated by the properties. These are subject to fluctuations in future occupancy rates, rent increases and time to achieve target occupancy. There are also general market conditions which are subject to change over time.

The company has an outstanding loan to its subsidiary undertaking V22 Silvertown Studios Limited in the sum of £122,500. The loan is repayable on demand but the company does not have liquid resources to repay it. Repayment is dependent upon that company successfully developing out its development of the Silvertown Studios which forms part of the Silvertown Quays site at the Royal Docks, in the London Borough of Newham, East London. The loan enabled V22 Silvertown Studios Limited to tender for the agreement to lease land at the Quays which it has successfully achieved with a formal lease being signed by all parties post year end.

The directors consider that no impairment is necessary to the carrying value of the loan in the financial statements. Uncertainty does exist in terms of successfully raising funds to complete the project but the directors are confident that a viable development will ensue.

Turnover

Turnover represents net invoiced sales of good and services, excluding value added tax.

The company recognises revenue when the amount of revenue can be measured reliably, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the company's activities noted below.

Rental income:

Rental income from the letting of studios under licence/lease is recognised on a straight-line basis over the term of the hire period.

Project management services:

The company provides project management services which are recognised by reference to agreed contract sums and stage of completion.

Hire of art:

The company hires items of art from the V22 plc collection. Income is recognised on a straight-line basis over the term of the hire period.

Sale of goods:

The company recognises revenue from the sale of goods upon delivery and the passing of legal title.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	- Over period of lease
Fixtures and fittings	- 33% on cost
Motor vehicles	- 33% on cost

Tangible fixed assets are carried at cost less accumulated depreciation and accumulated impairment losses.

At each reporting date, the company reviews the carrying amounts of its short leasehold, fixtures and fittings and motor vehicles to determine whether there is any indication that any of these items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost, including transaction costs. Subsequently investment properties whose fair value can be measured reliably without undue cost or effort on an on-going basis are measured at fair value. Gains and losses arising from changes in fair value of investment properties are included in profit or loss in the period they arise.

Investment properties whose fair value cannot be measured reliably without undue cost or effort on an on-going basis are included in tangible assets at cost less accumulated depreciation and accumulated impairment losses.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme within the requirements of auto-enrolment. Contributions payable by the company are charged to the profit or loss in the period to which they relate.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. ACCOUNTING POLICIES - continued

Financial instruments

Financial assets and liabilities are recognised where the company has become party to the contractual provisions of the instrument. A financial instrument may be summarised as a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

The company only enters into basic financial instruments that result in the recognition of financial assets and liabilities like trade and other debtors, loans and trade and other creditors.

Debt instruments that are payable or receivable within one year, typically trade and other debtors and trade and other creditors, are measured, initially and subsequently at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitutes a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or, in the case of an outright short-term loan, not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payments discounted at a market rate of interest for a similar debt instrument except where the effect of discounting is immaterial.

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 profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows, discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

Leases

Assets that are held by the company under leases which transfer to the company substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the company are classified as operating leases.

The company currently hold no assets which fall to be classified as finance leases.

Operating lease payments are recognised as an expense on a straight line basis over the term of the lease, except where another systematic basis is more representative of the time pattern in which economic benefits from the lease assets are consumed.

In the event that lease incentives are received to enter into the operating lease, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 10 (2016 - 8) .

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

4. TANGIBLE FIXED ASSETS

	Short leasehold £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 January 2017	413,407	9,749	6,997	430,153
Additions	43,441	417	-	43,858
Disposals	(163,722)	-	-	(163,722)
At 31 December 2017	<u>293,126</u>	<u>10,166</u>	<u>6,997</u>	<u>310,289</u>
DEPRECIATION				
At 1 January 2017	184,389	8,499	6,025	198,913
Charge for year	53,445	563	344	54,352
Eliminated on disposal	(163,722)	-	-	(163,722)
At 31 December 2017	<u>74,112</u>	<u>9,062</u>	<u>6,369</u>	<u>89,543</u>
NET BOOK VALUE				
At 31 December 2017	<u>219,014</u>	<u>1,104</u>	<u>628</u>	<u>220,746</u>
At 31 December 2016	<u>229,018</u>	<u>1,250</u>	<u>972</u>	<u>231,240</u>

5. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
Additions	700
At 31 December 2017	<u>700</u>
NET BOOK VALUE	
At 31 December 2017	<u>700</u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

V22 Silvertown Studios Limited

Registered office: 10 - 16 Ashwin Street, London, E8 3DL.

Nature of business: Provision of studio lets to the London art market.

Class of shares:	%	
A Ordinary £1	holding	
	70.00	
		2017
		£
Aggregate capital and reserves		(3,007)
Loss for the year		<u>(4,007)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

6. INVESTMENT PROPERTY

	Total £
FAIR VALUE	
At 1 January 2017	800,000
Additions	259,102
Revaluations	<u>355,898</u>
At 31 December 2017	1,415,000
NET BOOK VALUE	
At 31 December 2017	<u>1,415,000</u>
At 31 December 2016	<u>800,000</u>

The revaluation movement of £355,898 is credited directly to the income statement and falls within other operating income.

Investment property comprises of two long leasehold premises, one acquired in 2016 and the other in 2017. The fair values of the properties at 31 December 2017 has been arrived at on the basis of a valuation prepared by an independent firm of Chartered Surveyors specifically for inclusion in these financial statements. Fair value has been determined by reference to cash flows generated/or to be generated by the properties. The valuations have been carried out having regard to market conditions prevailing at that time.

Fair value at 31 December 2017 is represented by:

	£
Valuation in 2017	876,879
Cost	<u>538,121</u>
	<u>1,415,000</u>

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade debtors	26,529	50,758
Amounts owed by group undertakings	122,500	-
Amounts owed by participating interests	5,367	-
Other debtors	37,328	32,215
VAT	-	736
Prepayments and accrued income	<u>50,014</u>	<u>54,590</u>
	<u>241,738</u>	<u>138,299</u>

The total of £122,500 (2016: £Nil) 'Amounts owed by group undertakings' is explained in more detail in note 13.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Bank loans and overdrafts	22,860	-
Trade creditors	87,328	173,443
Amounts owed to group undertakings	150,625	146,244
Amounts owed to participating interests	-	4,812
Tax	-	12,440
Social security and other taxes	4,522	6,893
VAT	4,740	-
Other creditors	210,940	95,194
Accruals and deferred income	<u>314,154</u>	<u>276,452</u>
	<u>795,169</u>	<u>715,478</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

The total of £173,477 (2016: £146,244) 'Amounts owed to group undertakings' is explained in more detail at note 12.

Other creditors comprise tenant deposits of £114,807 (2016: £52,651), director's loan of £13,000 (2016: £23,000), art impact loan of £70,649 (2016: £nil) and artist's loan of £12,484 (2016:£19,543).

More detail of directors' loans provided at note 13.

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017 £	2016 £
Bank loans - 2 - 5 years	98,334	-
Bank loans more than 5 years by instalments	278,967	-
Other creditors	<u>230,354</u>	<u>114,902</u>
	<u>607,655</u>	<u>114,902</u>

Amounts falling due in more than five years:

Repayable by instalments		
Bank loans more than 5 years by instalments	<u>278,967</u>	-
	<u>278,967</u>	-

Other creditors comprise tenant deposits of £Nil (2016: £78,489), art impact loan of £206,574 (2016: £Nil) and artist's loan of £23,780 (2016: £36,413).

10. SECURED DEBTS

The following secured debts are included within creditors:

	2017 £	2016 £
Bank loans	<u>400,161</u>	-

The bank loan is subject to a fixed and floating charge over the assets of the company.

11. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

We draw your attention to note 2 to the financial statements and in particular "critical accounting judgements and key sources of estimation uncertainty". The company has advanced a loan to its subsidiary V22 Silvertown Studios Limited in the sum of £122,500 for which the directors consider that no impairment is necessary.

Ivor Mark Fryza (Senior Statutory Auditor)
for and on behalf of Fryza Bannister Financials Ltd (Statutory Auditor)

12. OTHER FINANCIAL COMMITMENTS

At 31 December 2017 the company had total financial commitments under non cancellable operating leases over the remaining life of these leases of £4,160,004 (2016: £4,063,678).

The company operates an auto enrolment pension scheme with NEST. Employer pension contributions paid in the period amounted to £1,640 (2016; £677). A commitment exists but is not deemed practicable to quantify.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. **RELATED PARTY DISCLOSURES**

The ultimate parent company which draws up consolidated financial statements is V22 plc. Its registered office, which is outside the United Kingdom is Victoria House, 26 Victoria Street, Douglas, Isle of Man, IM1 2LE.

Owners holding a participating interest in the company

The company benefits from a funding loan from its parent company V22 plc which at the year end amounted to £172,777 (2016: £146,244). No formal loan agreement exists with the intention that it will be repaid by equal instalment over the next 5 years. The loan is unsecured, repayable on demand and is non interest bearing.

V22 plc has provided security on a loan to a third party comprising artworks with a primary market value of £75,000 (2016: £113,000). The amount of the secured loan outstanding at the year end amounts to £36,264 (2016: £55,954).

It also acts as a rent guarantor for one of the company's premises. The total rent commitment at the balance sheet date to the end of the term (September 2025) amounts to £1,239,165 (2016: £1,363,081).

Companies in which the entity has a participating interest

The company has provided a loan to its 70% subsidiary undertaking V22 Silvertown Studios Limited in the sum of £122,500. No formal loan agreement exists rendering the amount as repayable on demand. It is also unsecured and interest free.

The company owes £700 for its shares in V22 Silvertown Studios Limited which are recorded as called up share capital not paid on its balance sheet as at 31 December 2017.

The entities directors

K T Cranswick provided a loan in 2014 of which £13,000 (2016: £13,000) remains outstanding. The loan is repayable on demand and bears interest at 7%.

B McRobie provided loans brought forward from the previous year of £10,000 (2016: £10,000). A further loan was provided in the year of £17,500. The amounts were then fully repaid. The loan was repayable on demand and interest free.

B McRobie has provided a personal guarantee of £200,000 in respect to the bank loan advanced in the year.

14. **NON DISTRIBUTABLE RESERVES**

Retained earnings include non distributable reserves £751,530 (2016: £456,134) arising from the revaluation of investment property.

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.