

URBAN RETREATS LIMITED
UNAUDITED FINANCIAL STATEMENTS
1 JULY 2017

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URBAN RETREATS LIMITED

BALANCE SHEET

1 July 2017

	Note	2017 £	2016 (restated) £
FIXED ASSETS			
Tangible assets	6	903,333	2,343,572
Investments	7	100	100
		<u>903,433</u>	<u>2,343,672</u>
CURRENT ASSETS			
Stocks		745,716	658,826
Debtors	8	3,395,779	1,978,949
Cash at bank and in hand		18,579	25,767
		<u>4,160,074</u>	<u>2,663,542</u>
CREDITORS: amounts falling due within one year	9	(6,972,748)	(4,746,610)
NET CURRENT LIABILITIES		<u>(2,812,674)</u>	<u>(2,083,068)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(1,909,241)</u>	<u>260,604</u>
CREDITORS: amounts falling due after more than one year	10	(807,518)	(1,356,044)
NET LIABILITIES		<u>(2,716,759)</u>	<u>(1,095,440)</u>
CAPITAL AND RESERVES			
Called up share capital		5,130,177	5,130,177
Revaluation reserve		72,328	72,328
Profit and loss account		(7,919,264)	(6,297,945)
SHAREHOLDERS FUNDS		<u>(2,716,759)</u>	<u>(1,095,440)</u>

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the profit and loss account has not been delivered.

For the period ending 1 July 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The member has not required the company to obtain an audit of its financial statements for the period in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The balance sheet
continues on the following page.

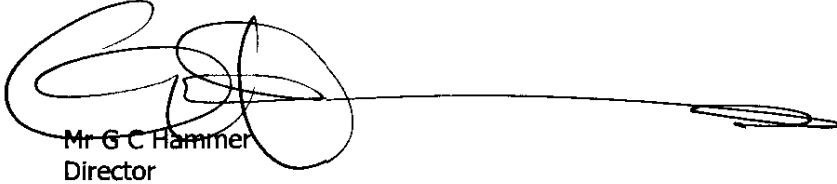
The notes on pages 3 to 13 form part of these financial statements.

URBAN RETREATS LIMITED

BALANCE SHEET *(continued)*

1 July 2017

These financial statements were approved by the board of directors and authorised for issue on 21/8/18 and are signed on behalf of the board by:

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Mr G C Hammer
Director

Company registration number: 02849316

The notes on pages 3 to 13 form part of these financial statements.

URBAN RETREATS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 1 July 2017

1. GENERAL INFORMATION

The company is a private company limited by shares, registered in England and Wales. The company's principal place of business is 8-9 Grosvenor Place, London, SW1X 7SH.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The company made a loss in the year of £1,621,320 (2016 - £2,790,400) and had net current liabilities of £2,812,674 (2016 - £2,083,068). Consequently the director has considered whether the preparing the financial statements on a going concern basis is appropriate.

The company has been able to continue trading due to financial support from its bank, group companies and ultimate owner. The director expects this support to continue and believes that the company has sufficient financial resources to pay its debts as they fall due, enabling the company to return to profitable trading in the near future.

As such, the director considers it appropriate to prepare the financial statements on a going concern basis.

Turnover

The turnover shown in the profit and loss account is derived from ordinary activities and represents the wholesale and retail distribution of health and beauty products and the operation of hair and beauty salons, exclusive of Value Added Tax.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

URBAN RETREATS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Period ended 1 July 2017

3. ACCOUNTING POLICIES *(continued)*

Taxation

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's accounts. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	5% straight line
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

All fixed assets are initially recorded at cost or valuation.

URBAN RETREATS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Period ended 1 July 2017

3. ACCOUNTING POLICIES *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold property improvements	- Over the term of the lease
Fixtures and fittings	- Over the term of the lease
Motor vehicles	- 25% reducing balance
Computer equipment	- 20% on cost - 25% reducing balance

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional charge on the historical cost is transferred annually from the revaluation reserve to the profit and loss reserve.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Investments in associates

Investments in associates accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Investments in associates accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in other comprehensive income/profit or loss. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the associate arising before or after the date of acquisition.

Investments in joint ventures

Investments in jointly controlled entities accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Investments in jointly controlled entities accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in other comprehensive income/profit or loss. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

URBAN RETREATS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Period ended 1 July 2017

3. ACCOUNTING POLICIES *(continued)*

Investments in joint ventures *(continued)*

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the joint venture arising before or after the date of acquisition.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the balance sheet as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

URBAN RETREATS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Period ended 1 July 2017

3. ACCOUNTING POLICIES *(continued)*

Financial instruments

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. EMPLOYEE NUMBERS

The average number of persons employed by the company during the period amounted to 205 (2016: 214).

URBAN RETREATS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Period ended 1 July 2017

5. INTANGIBLE ASSETS

	Goodwill £
Cost	
At 26 June 2016 (as restated) and 1 July 2017	891,480
Amortisation	
At 26 June 2016 and 1 July 2017	891,480
Carrying amount	
At 1 July 2017	—
At 25 June 2016	—

6. TANGIBLE ASSETS

	Land and buildings £	Fixtures and fittings £	Motor vehicles £	Equipment £	Total £
Cost					
At 26 June 2016 (as restated)	5,102,079	1,377,178	14,709	606,117	7,100,083
Additions	59,769	52,749	—	17,873	130,391
Disposals	(2,880)	(5,903)	—	—	(8,783)
At 1 July 2017	<u>5,158,968</u>	<u>1,424,024</u>	<u>14,709</u>	<u>623,990</u>	<u>7,221,691</u>
Depreciation					
At 26 June 2016	3,418,140	911,557	5,453	421,361	4,756,511
Charge for the period	1,283,990	201,880	2,067	76,822	1,564,759
Disposals	—	(2,912)	—	—	(2,912)
At 1 July 2017	<u>4,702,130</u>	<u>1,110,525</u>	<u>7,520</u>	<u>498,183</u>	<u>6,318,358</u>
Carrying amount					
At 1 July 2017	<u>456,838</u>	<u>313,499</u>	<u>7,189</u>	<u>125,807</u>	<u>903,333</u>
At 25 June 2016	<u>1,683,939</u>	<u>465,621</u>	<u>9,256</u>	<u>184,756</u>	<u>2,343,572</u>

Tangible assets held at valuation

All items classified as treatment equipment were revalued at 28 June 2014. These items are included within the fixtures and fittings category. These assets were revalued by the director at current market values on the basis that an active second-hand market for such goods exists. The director is of the opinion that there is no material difference in the value of these items at 1 July 2017.

URBAN RETREATS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Period ended 1 July 2017

6. TANGIBLE ASSETS *(continued)*

In respect of tangible assets held at valuation, the aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

	Fixtures and fittings £
At 1 July 2017	
Aggregate cost	151,530
Aggregate depreciation	<u>(83,100)</u>
Carrying value	<u><u>68,430</u></u>
 At 25 June 2016	
Aggregate cost	151,530
Aggregate depreciation	<u>(65,972)</u>
Carrying value	<u><u>85,558</u></u>

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Equipment £
At 1 July 2017	350,749
At 25 June 2016	<u><u>886,363</u></u>

7. INVESTMENTS

	Shares in group undertakings £
Cost	
At 26 June 2016 as restated	1,030,258
Additions	<u>651,242</u>
At 1 July 2017	<u><u>1,681,500</u></u>
Impairment	
At 26 June 2016 as restated	1,030,158
Impairment losses	<u>651,242</u>
At 1 July 2017	<u><u>1,681,400</u></u>

URBAN RETREATS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Period ended 1 July 2017

7. INVESTMENTS *(continued)*

	Shares in group undertakings £
Carrying amount	
At 1 July 2017	100
At 25 June 2016	100

The above value represents the company's investment in the following entities which are registered in England and Wales:

Urban Retreat at Home LLP
UR Beauty and Make-Up LLP
Joan Collins Beauty Limited

8. DEBTORS

	2017 £	2016 <i>(restated)</i> £
Trade debtors	1,219,372	1,032,326
Other debtors	2,176,407	946,623
	<u>3,395,779</u>	<u>1,978,949</u>

The debtors above include the following amounts falling due after more than one year:

	2017 £	2016 <i>(restated)</i> £
Other debtors	—	3,529

URBAN RETREATS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Period ended 1 July 2017

9. CREDITORS: amounts falling due within one year

	2017	2016 <i>(restated)</i>
	£	£
Bank loans and overdrafts	446,084	262,959
Trade creditors	1,489,200	1,394,220
Amounts owed to group undertakings and undertakings in which the company has a participating interest	2,327,253	478,037
Social security and other taxes	251,841	388,681
Other loans	760,411	124,459
Other creditors	1,697,959	2,098,254
	<u>6,972,748</u>	<u>4,746,610</u>

10. CREDITORS: amounts falling due after more than one year

	2017	2016 <i>(restated)</i>
	£	£
Bank loans and overdrafts	275,648	346,154
Other loans	109,858	290,943
Other creditors	422,012	718,947
	<u>807,518</u>	<u>1,356,044</u>

The bank loan and overdraft is secured by a debenture over the assets of the company and those of Hammer Holdings Limited, with a cross guarantee between Hammer Holdings Limited and the company. Borrowings are also secured over assets of the director, Mr G C Hammer, and by means of a personal guarantee.

Hire purchase and finance lease liabilities are secured upon the assets to which they relate.

URBAN RETREATS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Period ended 1 July 2017

11. PRIOR PERIOD ADJUSTMENTS

Prior year adjustments have been made in respect of the following:

The directors consider that the accounting policy for turnover has previously been applied incorrectly. The effect of this has been to decrease turnover and cost of sales by £1,649,696. This has had no overall impact on profit.

A review during the period established that indicators of impairment in goodwill and investments existed at the end of the prior year. Goodwill has been impaired by £757,757, resulting in a corresponding decrease in intangible assets and profit. Investments have been impaired by £757,882, resulting in a corresponding decrease in investments and profit.

During the period it became apparent that the lease period over which leasehold property improvements and fixtures and fittings were depreciated was incorrect. The impact of this has been a decrease in tangible assets of £952,533, an increase in depreciation within administration expenses of £656,256 and a decrease in opening profit & loss reserves of £296,277.

12. OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016 <i>(restated)</i>
	£	£
Not later than 1 year	1,020	1,020
Later than 1 year and not later than 5 years	3,570	4,080
Later than 5 years	—	510
	<u>4,590</u>	<u>5,610</u>

13. EVENTS AFTER THE END OF THE REPORTING PERIOD

Since the year end, the company has temporarily ceased trading following the termination of a concession agreement on 22 April 2018. The company is currently identifying possible new locations in order to recommence trading.

14. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

Included within creditors due within one year is the following balance due to the directors:

	2017	2016
	£	£
Directors	<u>660,524</u>	<u>587,713</u>

URBAN RETREATS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Period ended 1 July 2017

15. RELATED PARTY TRANSACTIONS

In accordance with FRS 102, transactions between wholly owned group entities are not disclosed.

Included in debtors/ creditors due within one year are the following balances due from/ to other related companies:

	2017 Debtor £	2017 Creditor £	2016 Debtor £	2016 Creditor £
Entities in which the company has a participating interest	<u>792,307</u>	<u>924,694</u>	<u>51,045</u>	<u>55,459</u>

During the year the company had the following transactions with the following companies:

	2017 Sales £	2017 Purchases £	2016 Sales £	2016 Purchases £
Entities in which the company has a participating interest	<u>401,985</u>	<u>451,067</u>	<u>437,591</u>	<u>517,626</u>

16. CONTROLLING PARTY

The immediate and ultimate parent company is Urban Retreat Ventures Limited, a company registered in England and Wales. It's registered office is Cedar House, Hazell Drive, Newport NP10 8FY.