

V22 London Limited

Annual Report and Unaudited Financial Statements
for the Year Ended 30 June 2021

V22 London Limited

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V22 London Limited

Company Information

Directors K T Cranswick
K J Sheldrick

Company secretary K T Cranswick

Registered office 10 - 16 Ashwin Street
London
E8 3DL

V22 London Limited

(Registration number: 05695345)
Balance Sheet as at 30 June 2021

	Note	2021	2020
		£	£
Fixed assets			
Tangible assets	<u>4</u>	99,174	121,102
Investment property	<u>5</u>	<u>1,660,000</u>	<u>1,660,000</u>
		1,759,174	1,781,102
Current assets			
Debtors	<u>6</u>	79,329	142,040
Cash at bank and in hand		<u>7,703</u>	<u>16,917</u>
		87,032	158,957
Creditors: Amounts falling due within one year	<u>7</u>	<u>(927,249)</u>	<u>(1,001,393)</u>
Net current liabilities		<u>(840,217)</u>	<u>(842,436)</u>
Total assets less current liabilities		918,957	938,666
Creditors: Amounts falling due after more than one year	<u>7</u>	(459,552)	(559,004)
Provisions for liabilities		<u>(261,951)</u>	<u>(201,893)</u>
Net assets		<u>197,454</u>	<u>177,769</u>
Capital and reserves			
Called up share capital		100	100
Profit and loss account		<u>197,354</u>	<u>177,669</u>
Total equity		<u>197,454</u>	<u>177,769</u>

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

V22 London Limited

(Registration number: 05695345)

Balance Sheet as at 30 June 2021 (continued)

For the financial year ending 30 June 2021 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 28 March 2022 and signed on its behalf by:

K T Cranswick

Company secretary and director

V22 London Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 June 2021

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

10 - 16 Ashwin Street
London
E8 3DL

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

V22 London Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 June 2021 (continued)

2 Accounting policies (continued)

Going concern

During the current and previous financial years, the UK economy was significantly affected by the COVID-19 pandemic and the measures taken by the government to control the spread of the virus. The company has continued to operate throughout this period. The directors are continually monitoring the situation to identify any further disruption of service. The company has implemented all necessary and prudent measures to ensure the health and safety of its employees whilst minimising any disruption of services.

The pandemic has impacted the ability of studio holders to pay their rent. The company has worked closely with them to ensure that arrears do not mount up and they are still able to use their workspace. However, many of the more public facing activities in the company's studio buildings have had to cease. The core workspace offering has been able to continue in line with government regulations.

The company made a profit in the year of £19,685 (2020: loss £28,509), has net assets of £197,454 (2020: £177,769) and net current liabilities of £840,217 (2020: £842,436).

The company applied for assistance from the Creative Workspace Resilience Fund in April 2020, created by the Creative Land Trust, which was approved in June 2020 and support was received in July 2020. The purpose of the support was to provide hardship grants to creative studio holders so that they can continue to afford space to work during and after the crisis.

The company has also received support from the government in 2020 and 2021, including the Coronavirus Job Retention Scheme, Bounce Back Loan Scheme and deferral of VAT, enabling them to mitigate costs and manage the cashflows of the business.

The directors have reviewed and assessed cash flows, financing facilities and future funding and expenditure plans for the ongoing impact of uncertainties, including the COVID-19 pandemic. Based on this, they confirm that the application of the going concern basis for the preparation of the financial statements continues to be appropriate.

Accordingly, with the parent company's continued support, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and so prepare these financial statements on the going concern basis. Therefore the statements do not contain any adjustments that would result if the company was unable to continue as a going concern.

In accordance with their responsibilities, the directors have considered the appropriateness of the going concern basis for the preparation of the financial statements. The directors are not aware of any likely events, conditions or business risks beyond this point that may cast doubt on the company's ability to continue as a going concern.

V22 London Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 June 2021 (continued)

2 Accounting policies (continued)

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 investment properties are revalued annually. Fair value is ascertained through the review of a number of factors and information flows, including market knowledge, recent market movements, recent sales of similar properties, historical experience and flows of cash from the respective properties. There is an inevitable degree of judgement involved and the value can only be reliably tested ultimately in the market itself.

V22 London Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 June 2021 (continued)

2 Accounting policies (continued)

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company's activities.

Rental income:

Rental income from the letting of studio space under licence/lease is recognised on a straight-line basis over the term of the rental 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.

Government grants

Grants are accounted for under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in "other income" within profit or loss in the same period as the related expenditure. Grants which become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which they become receivable. The company has received grants in the year from the Government Coronavirus Job Retention Scheme, Government Bounce Back Loan Scheme and Creative Workspace Resilience Fund, created by The Creative Land Trust.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

V22 London Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 June 2021 (continued)

2 Accounting policies (continued)

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Short leasehold	Over period of lease
Fixtures and fittings	33% on cost
Motor vehicles	33% on cost

Investment property

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

Investments

Investments in associates and subsidiary undertakings are recognised at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

V22 London Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 June 2021 (continued)

2 Accounting policies (continued)

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

In the event that lease incentives are received, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expenses 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.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

V22 London Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 June 2021 (continued)

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 5 (2020 - 4).

4 Tangible assets

	Short leasehold £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation				
At 1 July 2020	260,304	10,570	6,997	277,871
Additions	-	449	1,989	2,438
Disposals	-	-	(6,997)	(6,997)
At 30 June 2021	260,304	11,019	1,989	273,312
Depreciation				
At 1 July 2020	139,685	10,087	6,997	156,769
Charge for the year	23,962	349	55	24,366
Eliminated on disposal	-	-	(6,997)	(6,997)
At 30 June 2021	163,647	10,436	55	174,138
Carrying amount				
At 30 June 2021	96,657	583	1,934	99,174
At 30 June 2020	120,619	483	-	121,102

V22 London Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 June 2021 (continued)

5 Investment properties

	2021 £
At 1 July	1,660,000
Additions	5,689
Fair value adjustments	<u>(5,689)</u>
At 30 June	<u><u>1,660,000</u></u>

Investment property comprises two long leasehold premises, one acquired in 2016 and the other 2017. The fair values of the properties at 30 June 2020 and 2021 have been arrived at on the basis of a valuation carried out on 30th August 2019 by Lambert Smith Hampton Chartered Surveyors, who are not connected with the company. The valuation was made on an open market basis by reference to market evidence of transaction prices for similar properties.

The directors consider that these valuations remain appropriate as at 30 June 2021.

The revaluation loss in the year of £5,689 (2020: £56,144) is recognised directly in the income statement and falls within loss on fair value adjustment of investment properties.

6 Debtors

	2021 £	2020 £
Trade debtors	38,155	60,023
Other debtors	-	34,970
Prepayments	<u>41,174</u>	<u>47,047</u>
	<u><u>79,329</u></u>	<u><u>142,040</u></u>

V22 London Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 June 2021 (continued)

7 Creditors

Creditors: amounts falling due within one year

	Note	2021 £	2020 £
Due within one year			
Bank loans and overdrafts		29,924	17,743
Trade creditors		214,128	277,261
Amounts owed to group undertakings and undertakings in which the company has a participating interest	9	348,905	379,279
Taxation and social security		32,519	27,872
Other creditors		183,074	102,013
Accruals and deferred income		118,699	197,225
		<u>927,249</u>	<u>1,001,393</u>

Creditors: amounts falling due after more than one year

	2021 £	2020 £
Due after one year		
Bank loans and overdrafts	352,397	334,436
Other creditors	107,155	224,568
	<u>459,552</u>	<u>559,004</u>

	2021 £	2020 £
Due after more than five years		
After more than five years by instalments	201,594	229,625
After more than five years not by instalments	-	224,568
	<u>201,594</u>	<u>454,193</u>

Creditors include a bank loan of £332,320 (2020: £352,178) which is secured by a fixed and floating charge over the assets of the company.

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Notes to the Unaudited Financial Statements for the Year Ended 30 June 2021 (continued)

8 Financial commitments, guarantees and contingencies

Amounts not provided for in the balance sheet

At 30 June 2021, the total amount of financial commitments for future minimum lease payments under non-cancellable operating leases was £1,253,319 (2020: £1,312,075).

The total amount of guarantees not included in the balance sheet is £1,150,000 (2020 - £1,200,000). The company acts as rent guarantor to V22 Foundation, a company related by common directorship, for one of its properties.

9 Related party transactions

V22 Ltd (formally known as V22 plc) incorporated in the Isle of Man holds 100% share capital of the company. In the opinion of the directors, there is no ultimate holding company.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by V22 Ltd (formerly known as V22 plc), the immediate parent. Its registered office is located at 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 Ltd (formally known as V22 plc) which at the year end amounted to £306,990 (2020: £291,990). The loan is unsecured, repayable on demand and is non interest bearing.

V22 Ltd (formally known as V22 plc) has provided artworks as security on a loan to a third party. The amount of the secured loan outstanding at the year end amounts to £nil (2020: £10,028).

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 £657,267 (2020: £822,489).

Companies related by virtue of common shareholding:

Balance payable to V22 Limited £5,582 (2020: £4,911).

Companies related by common directorship:

Balance payable to V22 Foundation £11,940 (2020: £52,967).

Balance payable to V22 Communities £24,393 (2020: £29,400).

The company acts as a rent guarantor for V22 Foundations as detailed in note 9 above.

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