

COMPANY REGISTRATION NUMBER: 06913368

5 Hertford Street Limited
Financial Statements
31 December 2018



WYATTS
Chartered Accountants & statutory auditor
York House
1 Seagrave Road
London
SW6 1RP

5 Hertford Street Limited

Financial Statements

Year ended 31 December 2018

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5 Hertford Street Limited

Strategic Report *(continued)*

Year ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

Principal activity

The principal activity of the company is to provide management services to various entities which own and run a private members club at 2-5 Hertford Street.

Fair review of the business

This year to 31 December 2018 represents the sixth full year of operations for the club known as 5 Hertford Street. The directors continue to be pleased with the trading performance of the club. The club's trading activities are recorded in the seven trading companies which operate various areas of the club. 5 Hertford Street Limited receives management fees from each of these seven companies based on the marked-up value of their individual labour costs and allocated overhead expenditure.

Management fees increased from £15,210,660 in 2017 to £15,877,279 in 2018.

The club continues to be extremely successful with a quality membership and a lengthy waiting list of individuals who have applied to become members that currently cannot be accommodated within the club. The club is proving very popular with the members with capacity being the limiting factor, despite completion of the upper two floors of 5 Hertford Street in June 2016 creating additional space for members.

The club maintains the highest standards and quality to ensure that members are provided with outstanding service in very comfortable surroundings. The club has continued to invest in improving the quality of the internal decoration, and the spaces available to members within the club.

Principal risks and uncertainties

In the normal course of business, the Company continually assesses significant risks faced and takes action to mitigate the potential impact.

The following risks, while not intended to be a comprehensive analysis, constitute (in the opinion of the board) the principle risks and uncertainty currently facing the Company.

Strategic Risks Economic Risk

The company aims to improve the member offering continually so that it remains competitive and an attractive place for members to visit. Adverse economic conditions can theoretically have an effect on the company's performance although this is considered unlikely.

Commercial Risks Cost Increases

Inflationary pressures on the company's costs pose a risk to margins, although the company has been able to achieve satisfactory arrangements with the suppliers, up until now, in what are considered difficult economic times. Further benefits have been achieved from the economies provided by the central preparation kitchen and new pastry kitchen.

Operational Risks Health and Safety

The company endeavours to ensure that all reasonable standards for health and safety are met, including a process by which risks are identified in a timely manner and remedied accordingly.

Licensing and Planning

The sale of alcohol and cigars is a highly regulated operation and being located in the jurisdiction of Westminster County Council requires the company to adhere to many rules and regulations. The loss of a licence or contravening terms of a licence could have a very detrimental effect on sales and profit.

The company operates a series of internal controls to ensure that licence and planning conditions are adhered to and also retains professional advisors that regularly review procedures and monitor their performance.

5 Hertford Street Limited

Strategic Report *(continued)*

Year ended 31 December 2018

Supply Chain Risks

The regular supply of fresh food, beverage products and service are fundamental to the successful operation of the club.

The company works closely with our suppliers in order to maintain availability of products at all times and in many cases has a substitute supplier, should the preferred supplier be unable to supply the product required.

Financial Risks Liquidity Risk

The company has cash balances of £1,395,057.

The company monitors cash flow forecasts on a weekly basis and endeavours to ensure that there are sufficient funds, including committed bank and finance lease facilities to meet its future business requirements .

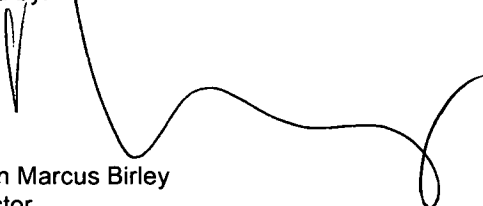
The risks in this area relate to miscalculating cash flow requirements or a substantial drop in sales or membership renewals and the resultant drop in profits.

The company's financial instruments at the balance sheet date comprised cash and bank facilities. 5 Hertford Street Ltd has a £2m overdraft facility. At the year end, £569,924 of the overdraft had been utilised. At the year end, £4.57m of the £10m loan facility remained outstanding. The purpose of these financial instruments is to assist with the company's operation. The company's other financial instruments like trade debtors and creditors arising from trading operations managed by 5 Hertford Street Ltd. The company does not trade in financial instruments.

Reputational Risk

The company is aware that as it operates an exclusive members club and that it is crucial that the business reputation and service levels are never compromised. The company, therefore, in its daily business monitors press coverage and continually reviews and improves operational controls.

This report was approved by the board of directors on 9 August 2019 and signed on behalf of the board by:



Robin Marcus Birley
Director

Registered office:
York House
1 Seagrave Road
London
SW6 1RP

5 Hertford Street Limited

Directors' Report

Year ended 31 December 2018

The directors present their report and the financial statements of the company for the year ended 31 December 2018.

Directors

The directors who served the company during the year were as follows:

Robin Marcus Birley
James Adam Reuben
Benjamin James Goldsmith
Clive Stuart Richardson

Dividends

The directors do not recommend the payment of a dividend.

Employment of disabled persons

The company gives full and fair consideration to applications for employment to the company made by disabled persons, having regard to their particular aptitudes and abilities. It also arranges appropriate training for, employees of the company who have become disabled persons during the period when they were employed by the company. Specific steps will be taken to ensure that disabled employees have the same opportunity as others to develop their full potential within the organisation.

Employee involvement

The company provides employees systematically with information on matters of concern to them as employees. It also consults employees or their representatives on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests. The company is committed to the maintenance of a work environment free of discrimination on the grounds of gender, nationality, ethnic or racial origin, non-job-related disability or marital status.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

5 Hertford Street Limited

Directors' Report *(continued)*

Year ended 31 December 2018

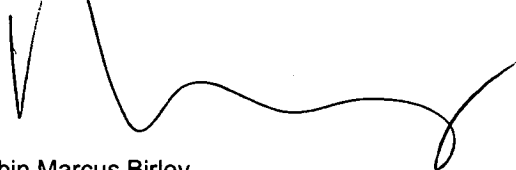
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 9 August 2019 and signed on behalf of the board by:



Robin Marcus Birley
Director

Registered office:
York House
1 Seagrave Road
London
SW6 1RP

5 Hertford Street Limited

Independent Auditor's Report to the Members of 5 Hertford Street Limited

Year ended 31 December 2018

Opinion

We have audited the financial statements of 5 Hertford Street Limited (the 'company') for the year ended 31 December 2018 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, 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 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

5 Hertford Street Limited

Independent Auditor's Report to the Members of 5 Hertford Street Limited

(continued)

Year ended 31 December 2018

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' 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 or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

5 Hertford Street Limited

Independent Auditor's Report to the Members of 5 Hertford Street Limited

(continued)

Year ended 31 December 2018

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are 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 directors are 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 directors 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

5 Hertford Street Limited

Independent Auditor's Report to the Members of 5 Hertford Street Limited

(continued)

Year ended 31 December 2018

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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.



K Wyatt (Senior Statutory Auditor)

For and on behalf of
Wyatts
Chartered Accountants & statutory auditor
York House
1 Seagrave Road
London
SW6 1RP

9 August 2019

5 Hertford Street Limited

Statement of Income and Retained Earnings

Year ended 31 December 2018

	Note	2018 £	2017 £
Turnover	4	15,901,053	15,238,246
Cost of sales		<u>9,605</u>	<u>13,876</u>
Gross profit		15,891,448	15,224,370
Administrative expenses		<u>15,643,169</u>	<u>14,898,375</u>
Operating profit	5	248,279	325,995
Interest payable and similar expenses	9	<u>168,216</u>	<u>255,416</u>
Profit before taxation		80,063	70,579
Tax on profit	10	<u>19,028</u>	<u>19,241</u>
Profit for the financial year and total comprehensive income		<u>61,035</u>	<u>51,338</u>
Retained losses at the start of the year		(654,560)	(705,898)
Retained losses at the end of the year		<u>(593,525)</u>	<u>(654,560)</u>

All the activities of the company are from continuing operations.

The notes on pages 13 to 22 form part of these financial statements.

5 Hertford Street Limited

Statement of Financial Position

31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	11	9,881,845	10,237,260
Investments	12	54,996	54,996
		<u>9,936,841</u>	<u>10,292,256</u>
Current assets			
Debtors	13	11,996,952	12,954,417
Cash at bank and in hand		<u>1,395,057</u>	<u>144,778</u>
		<u>13,392,009</u>	<u>13,099,195</u>
Creditors: amounts falling due within one year	15	<u>20,626,351</u>	<u>20,036,311</u>
Net current liabilities		<u>7,234,342</u>	<u>6,937,116</u>
Total assets less current liabilities		<u>2,702,499</u>	<u>3,355,140</u>
Creditors: amounts falling due after more than one year	16	3,064,236	3,750,000
Provisions	17	<u>220,788</u>	<u>248,700</u>
Net liabilities		<u>(582,525)</u>	<u>(643,560)</u>
Capital and reserves			
Called up share capital	20	11,000	11,000
Profit and loss account		<u>(593,525)</u>	<u>(654,560)</u>
Shareholders deficit		<u>(582,525)</u>	<u>(643,560)</u>

These financial statements were approved by the board of directors and authorised for issue on 9 August 2019, and are signed on behalf of the board by:



Robin Marcus Birley
Director

Company registration number: 06913368

The notes on pages 13 to 22 form part of these financial statements.

5 Hertford Street Limited

Statement of Cash Flows

Year ended 31 December 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Profit for the financial year		61,035	51,338
<i>Adjustments for:</i>			
Depreciation of tangible assets		869,030	752,598
Interest payable and similar expenses		168,216	255,416
Loss/(gains) on disposal of tangible assets		2,800	(9,001)
Tax on profit		19,028	19,241
<i>Changes in:</i>			
Stocks		–	59,537
Trade and other debtors		957,465	3,715,366
Trade and other creditors		165,854	(860,209)
Cash generated from operations		2,243,428	3,984,286
Interest paid		(168,216)	(255,416)
Net cash from operating activities		<u>2,075,212</u>	<u>3,728,870</u>
Cash flows from investing activities			
Purchase of tangible assets		(513,869)	(872,050)
Proceeds from sale of tangible assets		(2,546)	20,036
Net cash used in investing activities		<u>(516,415)</u>	<u>(852,014)</u>
Cash flows from financing activities			
Proceeds from borrowings		(482,511)	(2,517,813)
Net cash used in financing activities		<u>(482,511)</u>	<u>(2,517,813)</u>
Net increase in cash and cash equivalents		1,076,286	359,043
Cash and cash equivalents at beginning of year		(251,153)	(610,196)
Cash and cash equivalents at end of year	14	<u>825,133</u>	<u>(251,153)</u>

The notes on pages 13 to 22 form part of these financial statements.

5 Hertford Street Limited

Notes to the Financial Statements

Year ended 31 December 2018

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is York House, 1 Seagrave Road, London, SW6 1RP.

2. Statement of compliance

These financial statements have been prepared in compliance with 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.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

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.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

5 Hertford Street Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

3. Accounting policies *(continued)*

Income tax *(continued)*

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

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.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

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:

Long leasehold property	-	Over the term of the lease
Plant and machinery	-	15% straight line
Fixtures and fittings	-	15% straight line
Motor vehicles	-	25% straight line

Investments

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

5 Hertford Street Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

3. Accounting policies *(continued)*

Investments *(continued)*

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.

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.

5 Hertford Street Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

3. Accounting policies *(continued)*

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

5 Hertford Street Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

3. Accounting policies *(continued)*

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. Turnover

Turnover arises from:

	2018 £	2017 £
Management charges all UK	15,877,279	15,210,660
Rendering of services	23,774	27,586
	<u>15,901,053</u>	<u>15,238,246</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2018 £	2017 £
Depreciation of tangible assets	869,030	752,598
Loss/(gains) on disposal of tangible assets	2,800	(9,001)
Impairment of trade debtors	164,071	204,008
Foreign exchange differences	<u>15,330</u>	<u>—</u>

6. Auditor's remuneration

	2018 £	2017 £
Fees payable for the audit of the financial statements	<u>18,000</u>	<u>17,000</u>
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	<u>10,000</u>	<u>6,400</u>

5 Hertford Street Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2018 No.	2017 No.
Kitchen staff	85	85
Administration and support	22	22
Food/catering staff	112	111
Sales	5	5
Other departments	43	43
	<u>267</u>	<u>266</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2018 £	2017 £
Wages and salaries	6,135,616	5,621,316
Social security costs	506,110	666,519
Other pension costs	95,482	101,659
	<u>6,737,208</u>	<u>6,389,494</u>

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2018 £	2017 £
Remuneration	<u>25,000</u>	<u>25,305</u>

9. Interest payable and similar expenses

	2018 £	2017 £
Other interest payable and similar charges	<u>168,216</u>	<u>255,416</u>

10. Tax on profit

Major components of tax expense

	2018 £	2017 £
Current tax:		
UK current tax expense/(income)	46,940	(2,021)
Deferred tax:		
Origination and reversal of timing differences	(27,912)	21,262
Tax on profit	<u>19,028</u>	<u>19,241</u>

5 Hertford Street Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2018

11. Tangible assets

	Long leasehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 January 2018	9,635,975	523,603	3,545,226	12,985	13,717,789
Additions	–	108,004	405,865	–	513,869
Disposals	(254)	–	–	–	(254)
At 31 December 2018	9,635,721	631,607	3,951,091	12,985	14,231,404
Depreciation					
At 1 January 2018	2,058,175	319,875	1,089,494	12,985	3,480,529
Charge for the year	523,401	94,141	251,488	–	869,030
At 31 December 2018	2,581,576	414,016	1,340,982	12,985	4,349,559
Carrying amount					
At 31 December 2018	7,054,145	217,591	2,610,109	–	9,881,845
At 31 December 2017	7,577,800	203,728	2,455,732	–	10,237,260

12. Investments

13. Debtors

	2018 £	2017 £
Trade debtors	1,377,591	835,374
Amounts owed by related parties	9,410,834	10,471,049
Prepayments and accrued income	612,193	545,847
Other debtors	596,334	1,102,147
	11,996,952	12,954,417

14. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2018 £	2017 £
Cash at bank and in hand	1,395,057	144,778
Bank overdrafts	(569,924)	(395,931)
	825,133	(251,153)

5 Hertford Street Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

15. Creditors: amounts falling due within one year

	2018	2017
	£	£
Bank loans and overdrafts	3,273,177	2,895,931
Trade creditors	1,474,848	2,065,289
Amounts due to related parties	8,484,320	8,112,141
Accruals and deferred income	6,380,612	5,448,608
Corporation tax	46,940	–
Social security and other taxes	966,454	1,510,600
Other creditors	–	3,742
	<u>20,626,351</u>	<u>20,036,311</u>

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

	2018	2017
	£	£
Bank loans and overdrafts	<u>3,064,236</u>	<u>3,750,000</u>

17. Provisions

	Deferred tax (note 18) £
At 1 January 2018	248,700
Charge against provision	<u>(27,912)</u>
At 31 December 2018	<u>220,788</u>

18. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2018	2017
	£	£
Included in provisions (note 17)	<u>220,788</u>	<u>248,700</u>

19. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £95,482 (2017: £101,659).

5 Hertford Street Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

20. Called up share capital

Issued, called up and fully paid

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	10,000	10,000.00	10,000	10,000.00
Deferred shares of £0.01 each	100,000	1,000.00	100,000	1,000.00
	<u>110,000</u>	<u>11,000.00</u>	<u>110,000</u>	<u>11,000.00</u>

21. Operating leases

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

	2018	2017
	£	£
Not later than 1 year	1,304,791	1,408,244
Later than 1 year and not later than 5 years	4,579,858	4,714,599
Later than 5 years	<u>7,425,440</u>	<u>10,854,310</u>
	<u>13,310,089</u>	<u>16,977,153</u>

5 Hertford Street Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

22. Related party transactions

The company is controlled by the director R M Birley by virtue of his shareholding.

The following are amounts owed by/(to) the company to/from the respective related party. They are related parties due to common control. They are interest free loans and are repayable on demand.

	2018 £	2017 £
Special Events at 5 Hertford Street Limited	(2,101,918)	(1,673,676)
Late Night Dining at 5 Hertford Street Limited	2,278,226	2,055,829
Bar at 5 Hertford Street Limited	(4,077,131)	(3,743,718)
Retail at 5 Hertford Street Limited	(1,639,302)	(886,338)
Restaurant at 5 Hertford Street Limited	122,977	577,190
Upper Floors at 5 Hertford Street PLC	6,118,519	7,613,864
Private Dining at 5 Hertford Street Limited	(665,968)	(119,286)
Winter Restaurants Limited	1,126,722	224,166
Birleys Limited	2,916	4,877

5 Hertford Street Limited's major shareholder, R M Birley, is also the major shareholder in Birley's Limited, RMB Associates Limited and all of the companies noted above.

During the year the company was charged management fees of £971,044 (2017: £972,357) by RMB Associates Limited, a company in which R M Birley is the majority shareholder. At the year end the company has accrued liabilities of £244,890 (2017: £119,299) to RMB Associates Limited.

At the year end the company owed £1,192,836 (2017: £1,185,518) to the director R M Birley. The amount is for various loans made by R M Birley and is interest free and has no set repayment date.

J A Reuben, a director of 5 Hertford Street Limited, is a trustee of the beneficial owner of the company's leasehold property. The rent paid during the year was £1,042,043 (2017: £1,041,333) and insurance £952 (2017: £13,072).

Management charges of £15,877,279 (2017: £15,210,660) were charged in the year in respect of administration services provided to the seven trading companies operating various areas of the club during the year.

5 Hertford Street Limited
Management Information
Year ended 31 December 2018

The following pages do not form part of the financial statements.

5 Hertford Street Limited

Detailed Income Statement

Year ended 31 December 2018

	2018 £	2017 £
Turnover		
Sales	23,774	27,586
Management charges receivable	<u>15,877,279</u>	<u>15,210,660</u>
	15,901,053	15,238,246
 Cost of sales		
Opening stock	-	59,537
Purchases	<u>9,605</u>	<u>(45,661)</u>
	9,605	13,876
 Gross profit	<u>15,891,448</u>	<u>15,224,370</u>
 Overheads		
Administrative expenses	15,643,169	14,898,375
 Operating profit	<u>248,279</u>	<u>325,995</u>
Interest payable and similar expenses	(168,216)	(255,416)
 Profit before taxation	<u>80,063</u>	<u>70,579</u>

5 Hertford Street Limited

Notes to the Detailed Income Statement

Year ended 31 December 2018

	2018 £	2017 £
Administrative expenses		
Directors fees	25,000	25,305
Wages and salaries	6,110,616	5,596,011
Employers national insurance contributions	506,110	666,519
Staff pension contributions - defined contribution	95,482	101,659
Rent	1,152,264	1,204,100
Rates and water	387,696	306,870
Light and heat	337,969	363,441
Insurance	198,381	-
Repairs and maintenance (allowable)	847,108	647,564
Special Events and Glassware	523,741	757,371
Cleaning costs	613,541	865,171
Travel and subsistence	37,325	53,027
Telephone	50,299	63,767
Contingency costs	-	97,857
Software and IT costs	238,152	126,634
Courier services	-	57,560
Printing postage and stationery	132,581	126,610
Staff training and welfare	214,537	64,244
Recruitment	65,063	40,128
Sundry expenses	439,647	443,997
Charitable donations (allowable)	13,063	43,284
Complementaries	107,454	132,569
Music and DJs	150,077	160,548
Advertising	64,025	34,049
Management charges payable	971,044	972,357
Legal and professional fees (allowable)	535,124	289,623
Accountancy fees	394,160	327,177
Auditors remuneration	53,400	23,400
Depreciation of tangible assets	869,030	752,598
(Gain)/loss on disposal of tangible assets	2,800	(9,001)
Bad debts written off	164,071	204,008
Bank charges	328,079	359,928
Foreign currency gains/losses	15,330	-
	<u>15,643,169</u>	<u>14,898,375</u>
Interest payable and similar expenses		
Other interest payable and similar charges	<u>168,216</u>	<u>255,416</u>