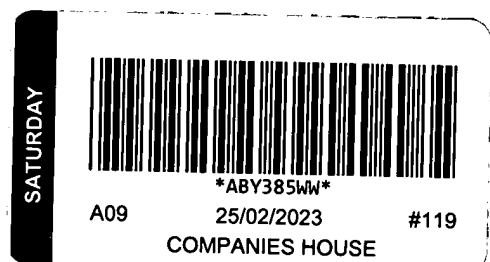


Stephenson Rocket Limited

Annual report

31 December 2021



Stephenson Rocket Limited

Company information

| | |
|----------------------------|---|
| Directors | R D C Clouston W D Clouston |
| Registered number | 08175428 |
| Registered office | Boiler Shop 20 South Street Newcastle upon Tyne NE13PE |
| Independent auditor | UNW LLP Chartered Accountants Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE |
| Solicitors | Muckle LLP Time Central 32 Gallowgate Newcastle upon Tyne NE1 4BF |

Stephenson Rocket Limited

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Stephenson Rocket Limited

Directors' report Year ended 31 December 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the company during the year was the operation of a car park.

Business review

The construction of a 357 space multi-story car park ('MSCP') with offices above was completed in August 2015 during the initial phase of the redevelopment of the Stephenson Quarter area of Newcastle upon Tyne.

The company operates the car park with rent payable to Newcastle City Council ("NCC").

The car park was designed as a facility to service the fully developed Stephenson Quarter, as well as to meet parking demand for the nearby train station. The as yet incomplete development on the adjoining Stephenson Square site and a lack of the previously expected access improvements from the train station have contributed to the car park failing to achieve the anticipated utilisation levels and, as such, not being able to generate revenue at the levels initially predicted. Financial performance has been further impeded since March 2020 due to the impact of the COVID-19 global pandemic, ensuing lockdowns and reduced demand having a significant adverse impact on revenue. As a consequence, the company has incurred successive losses and has not been able to meet its rental and other obligations to NCC.

In order to secure a sustainable future, the directors sought to introduce a specialist operator to take over management of the car park through which they were confident sufficient revenues would be generated to meet all other operating costs. However, NCC have entered into an agreement to develop the remaining areas of the Stephenson Quarter and require full control of the car park to support the development of offices and reduce building costs.

Therefore, the company's sub lease of the car park is expected to terminate in early 2023. The directors welcome this and are expecting to progress discussions with NCC which they are hopeful will result in a positive restructuring of the accrued obligations as the new development is completed.

Results and dividends

The loss for the year, after taxation, amounted to £788,642 (2020: loss of £742,482).

The directors can not recommend the payment of a final dividend.

Directors

The directors who served during the year and up to the date of approval of the financial statements were:

R D C Clouston
W D Clouston

Stephenson Rocket Limited

Directors' report (continued) Year ended 31 December 2021

Going concern

The company meets its day to day working capital requirements through operating cash flows and with the continuing financial support of Newcastle City Council. Owing to an ongoing challenging trading environment, as at 31 December 2021, the company had accrued a sum of £2,641,315 (2020: £1,963,161) due to NCC comprising outstanding rent, service charges and other related costs in respect of the car park it operates.

Subsequent to the year end, the company has failed to generate sufficient funds to clear the accrued liabilities for the reasons described in the business review and has developed further substantial arrears. In addition, NCC have entered into an agreement to develop the remaining areas of Stephenson Quarter and require full control of the car park to support the development of offices and reduce building costs.

Therefore, the sub lease of the car park is expected to terminate in early 2023. The directors welcome this and whilst they expect to progress discussions with NCC which they are hopeful will result in a positive restructuring of the creditor relationship, termination of the sub lease will result in the company ceasing to trade.

As the directors do not intend for the company to acquire or commence a replacement trade they no longer consider the company to be a going concern. As such, these financial statements have been prepared on a basis other than going concern, as explained in note 2.2 to the financial statements.

Post balance sheet events

There have been no other significant events affecting the company since the year end.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.


Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and UNW LLP will therefore continue in office.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 23 February 2023 and signed on its behalf by:



W D Clouston
Director

Stephenson Rocket Limited

Directors' responsibilities statement Year ended 31 December 2021

The directors are responsible for preparing the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 of 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. As explained in note 2.2, the directors do not believe it is appropriate to prepare these financial statements on a going concern basis.

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 to 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.



Independent auditors' report to the members of Stephenson Rocket Limited

Opinion

We have audited the financial statements of Stephenson Rocket Limited (the 'company') for the year ended 31 December 2021, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity 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 Financial Reporting Standard 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 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 United Kingdom, including the Financial Reporting Council'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.

Emphasis of matter - financial statements prepared on a basis other than going concern

We draw attention to note 2.2 to the financial statements which explains that the company is expected to cease trading and therefore the directors do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern as described in note 2.2.

Our opinion is not modified in respect of this matter.

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 contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.



Independent auditors' report to the members of Stephenson Rocket Limited (continued)

Opinion 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 3, 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. The directors have not used the going concern basis for these financial statements, which is further explained in note 2.2.

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.



Independent auditors' report to the members of Stephenson Rocket Limited (continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the directors and other management (as required by Auditing Standards) and from inspection of the company's legal correspondence and we discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We have communicated identified laws and regulations throughout our audit team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we have assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines and litigation. We identified the following areas as those most likely to have such an effect; health and safety, employment law, data protection, environmental law and certain aspects of company legislation, recognising the nature of the company's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures we have not become aware of any actual or suspected non-compliance material to the financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.



**Independent auditors' report to the members of Stephenson Rocket Limited
(continued)**

David Redhead (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle upon Tyne

23 February 2023

Stephenson Rocket Limited

Statement of comprehensive income Year ended 31 December 2021

| | 2021 £ | 2020 £ |
|--------------------------------------|------------------|------------------|
| Profit and loss account | | |
| Turnover | 347,276 | 301,936 |
| Cost of sales | (735,023) | (734,786) |
| Gross loss | (387,747) | (432,850) |
| Administrative expenses | (330,828) | (239,567) |
| Operating loss | (718,575) | (672,417) |
| Interest payable and similar charges | (70,067) | (70,065) |
| Loss before tax | (788,642) | (742,482) |
| Loss for the financial year | (788,642) | (742,482) |

There was no other comprehensive income for 2021 (2020: £nil).

The notes on pages 11 to 14 form part of these financial statements.

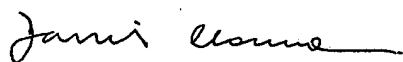
Stephenson Rocket Limited

Balance sheet At 31 December 2021

| | Note | 2021 £ | 2020 £ |
|--|------|--------------------|--------------------|
| Current assets | | | |
| Debtors | 4 | 61,389 | 21,882 |
| Cash at bank and in hand | | 93,134 | 161,204 |
| | | <u>154,523</u> | <u>183,086</u> |
| Creditors: amounts falling due within one year | 5 | (2,925,405) | (2,165,326) |
| Net current liabilities | | <u>(2,770,882)</u> | <u>(1,982,240)</u> |
| Total assets less current liabilities | | <u>(2,770,882)</u> | <u>(1,982,240)</u> |
| Net liabilities | | <u>(2,770,882)</u> | <u>(1,982,240)</u> |
| Capital and reserves | | | |
| Called up share capital | | 100 | 100 |
| Profit and loss account | | (2,770,982) | (1,982,340) |
| Total equity | | <u>(2,770,882)</u> | <u>(1,982,240)</u> |

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 February 2023.



W D Clouston
Director

Registered number: 08175428

The notes on pages 11 to 14 form part of these financial statements.

Stephenson Rocket Limited

Statement of changes in equity Year ended 31 December 2021

| | Called up share capital £ | Profit and loss account £ | Total equity £ |
|---|---------------------------------|---------------------------------|-------------------|
| At 1 January 2020 | 100 | (1,239,858) | (1,239,758) |
| Loss and total comprehensive expense for the year | - | (742,482) | (742,482) |
| At 1 January 2021 | 100 | (1,982,340) | (1,982,240) |
| Loss and total comprehensive expense for the year | - | (788,642) | (788,642) |
| At 31 December 2021 | 100 | (2,770,982) | (2,770,882) |

The notes on pages 11 to 14 form part of these financial statements.

Stephenson Rocket Limited

Notes to the financial statements Year ended 31 December 2021

1. General information

Stephenson Rocket Limited ('the company') operates a multi-storey car park within the Stephenson Quarter area of Newcastle upon Tyne.

The company is a private company limited by shares, incorporated and domiciled in the United Kingdom and registered in England and Wales. The address of the registered office is given in the company information page of the annual report.

Statement of compliance

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

2. Accounting policies

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 periods presented, unless otherwise stated.

2.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention and are presented in pounds sterling, rounded to the nearest pound.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the company's accounting policies. The directors do not consider that any significant judgments have been necessary in the application of these accounting policies, or there to be any key sources of estimation uncertainty which carry a significant risk of material misstatement to the carrying amounts of assets and liabilities in the next financial year.

2.2 Going concern

The company meets its day to day working capital requirements through operating cash flows and with the continuing financial support of Newcastle City Council. Owing to an ongoing challenging trading environment, as at 31 December 2021, the company had accrued a sum of £2,641,315 (2020: £1,963,161) due to NCC comprising outstanding rent, service charges and other related costs in respect of the car park it operates.

Subsequent to the year end, the company has failed to generate sufficient funds to clear the accrued liabilities and has developed further substantial arrears. In addition, NCC have entered into an agreement to develop the remaining areas of Stephenson Quarter and require full control of the car park to support the development of offices and reduce building costs.

Therefore, the sub lease of the car park is expected to terminate in early 2023. The directors welcome this and whilst they expect to progress discussions with NCC which they are hopeful will result in a positive restructuring of the creditor relationship, termination of the sub lease will result in the company ceasing to trade.

As the directors do not intend for the company to acquire or commence a replacement trade they no longer consider the company to be a going concern. As such, these financial statements have been prepared on a basis other than going concern.

No adjustments to the values or classification of the company's assets and liabilities were considered necessary as a consequence of the change in basis of preparation.

Stephenson Rocket Limited

Notes to the financial statements Year ended 31 December 2021

2. Accounting policies (continued)

2.3 Revenue

Revenue is the amount derived from the operation of the car park net of VAT and other sales related taxes. All revenue originated in the United Kingdom.

2.4 Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and are depreciated over the shorter of their lease term or their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding. Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

2.5 Finance costs

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

2.6 Taxation

The taxation expense for the year comprises current and deferred tax and is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income, or directly in equity, in which case the tax expense is also recognised in other comprehensive income or directly in equity.

Current tax is the amount of income tax payable in respect of the taxable profit for the current or past reporting periods. It is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods, and arises from 'timing differences' (where transactions or events are included in the financial statements in periods different from those in which they are assessed for tax). Deferred tax is recognised in respect of all timing differences, except that 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.

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

Stephenson Rocket Limited

Notes to the financial statements Year ended 31 December 2021

2. Accounting policies (continued)

2.7 Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

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 company after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

At the end of each reporting period, debt financial assets are assessed for impairment and their carrying value reduced if necessary. Any impairment charge is recognised in the profit and loss account.

2.8 Borrowings

Interest bearing loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement, or redemption and direct issue costs, are recognised using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

3. Employees

The company had no employees other than the directors during current and preceding years.

4. Debtors

| | 2021 £ | 2020 £ |
|------------------------------------|---------------|---------------|
| Trade debtors | - | 1,722 |
| Amounts owed by group undertakings | 100 | 100 |
| Other debtors | 51,493 | 17,173 |
| Prepayments and accrued income | 9,796 | 2,887 |
| | <u>61,389</u> | <u>21,882</u> |

Stephenson Rocket Limited

Notes to the financial statements Year ended 31 December 2021

5. Creditors: amounts falling due within one year

| | 2021 £ | 2020 £ |
|------------------------------------|------------------|------------------|
| Trade creditors | 62,332 | 33,892 |
| Amounts owed to group undertakings | 148,982 | 78,982 |
| Other taxation and social security | - | 550 |
| Accruals and deferred income | 2,714,091 | 2,051,902 |
| | <u>2,925,405</u> | <u>2,165,326</u> |

6. Commitments under operating leases

At 31 December 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | 2021 £ | 2020 £ |
|--|-------------------|-------------------|
| Not later than 1 year | 499,800 | 499,800 |
| Later than 1 year and not later than 5 years | 1,999,200 | 1,999,200 |
| Later than 5 years | 11,995,200 | 12,495,000 |
| | <u>14,494,200</u> | <u>14,994,000</u> |

The operating lease can be cancelled by the lessor with 2 weeks notice however the company cannot cancel the lease.

Clouston Group Limited, the ultimate parent company, act as a guarantor for the operating lease which Stephenson Rocket Limited has entered into with Newcastle City Council.

7. Related party transactions

The company has taken advantage of the exemption available to not disclose transactions with other wholly owned entities that are part of the same group. No other related party transactions requiring disclosure occurred in the current or prior year.

8. Parent undertaking preparing consolidated financial statements

The company is included in the consolidated financial statements of Clouston Group Ltd, whose registered office is 20 South Street, Newcastle upon Tyne, NE1 3PE. Clouston Group Ltd is the parent to the smallest and largest group for which consolidated financial statements are prepared that include the company.