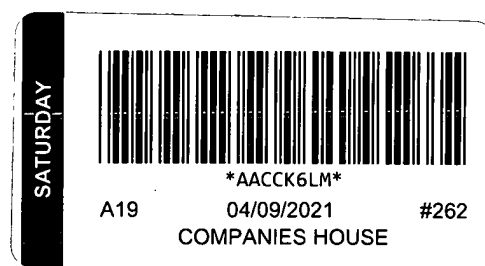


Stephenson Rocket Limited

Annual report

31 December 2019



Stephenson Rocket Limited

Company information

Directors R D C Clouston
W D Clouston
M Bowes (resigned 9 March 2020)

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 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Principal activity

The principal activity of the company is the operation of a car park.

Business review and future developments

The construction and forward sale of a 357 space multi-storey car park with offices above within the Stephenson Quarter area of Newcastle upon Tyne was completed in August 2015. This building forms part of a wider proposed development by the Clouston Group (the group headed by Clouston Group Ltd, "the group"). The group has also developed a hotel and an exhibition and event venue in the area and intends to develop this area further to include residential apartments, commercial offices, exhibition and event space, retail and restaurant facilities.

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 rail station. The as yet incomplete development on the adjoining Stephenson Square site and a lack of the previously expected access improvements from the rail station have contributed to the car park failing to achieve the anticipated utilisation levels and, as such, not being able to price its spaces at the levels initially predicted. As a consequence, the company has incurred successive losses and has not been able to meet its rental and other obligations to NCC.

The directors are expecting to progress discussions with NCC which they are hopeful will result in a positive restructuring of the creditor relationship but at this stage no assurance can be given as to the outcome of these discussions.

Subsequent to the year end and in order to secure a sustainable future, the directors have also entered into discussions with Interstate, who also manage the adjacent hotel operated by the group, to take over management of the car park. Through this and constructive discussions with NCC regarding rent arrears the directors are confident the car park is able to generate the revenues required to meet all its operating costs going forward.

Results and dividends

The loss for the year, after taxation, amounted to £458,829 (2018 - £650,767).

The directors can not recommend the payment of a final dividend (2018: £nil).

Directors

The directors who served during the year were:

R D C Clouston
W D Clouston
M Bowes (resigned 9 March 2020)

Stephenson Rocket Limited

Directors' report (continued) **Year ended 31 December 2019**

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 2019, the company had accrued a sum of £1,303,604 owing to Newcastle City Council 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 debt and has developed further substantial arrears, which are exacerbated by the continuing adverse operational impact of COVID-19 on the business.

In order to secure a sustainable future, the directors have entered into discussions with Interstate to take over management of the car park through which they are confident they will generate the revenue to meet all other operating costs. In parallel to this, the directors are hoping to progress negotiations with Newcastle City Council to agree a viable resolution in respect of the outstanding sums due to them.

Whilst the directors are confident that negotiations with NCC will be concluded on terms which are mutually acceptable, owing to the incomplete status of these negotiations the directors have considered the going concern status of the company and believe there to be a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern.

The directors acknowledge that, should either agreement with the proposed operator or agreement with Newcastle City Council not be reached then there is a risk that the quantum and timing of future cash flows may be insufficient to permit the company to meet its obligations to Newcastle City Council in the normal course of business.

Nevertheless, the directors, after making enquiries and considering the uncertainties described above, have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, notwithstanding net current liabilities and net liabilities of £1,239,758 at the balance sheet date, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Post balance sheet events

Further to the global outbreak of the Coronavirus disease (COVID-19) in 2020, the directors of the company continue to assess the potential risk to the operation of the business on a regular basis. At the time of approving these financial statements, the company's trading performance continues to be adversely effected by the impact of COVID-19, although the easing of lockdown measures in the UK are expected to allow the company to improve its trading performance in the short to medium term.

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.

Stephenson Rocket Limited

Directors' report (continued) **Year ended 31 December 2019**

Auditor

UNW LLP were appointed as auditor subsequent to the year end. 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 2 September 2021 and signed on its behalf by:



W D Clouston
Director

Stephenson Rocket Limited

Directors' responsibilities statement Year ended 31 December 2019

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.

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 auditor's 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 2019, 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 2019 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.

Material uncertainty related to going concern

We draw attention to note 2.2 in the financial statements, which indicates that the company's historic trading performance, together with the continuing impact of COVID-19, present a material uncertainty relating to going concern. The company is reliant upon anticipated improvements in trading performance being achieved and the outcome of as yet incomplete negotiations with Newcastle City Council in order to meet its liabilities as they fall due in the normal course of business.

As stated in note 2.2, these conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.



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

Other information

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

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.



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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 4, 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.

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.

A handwritten signature in black ink, reading 'David Redhead'.

David Redhead (Senior Statutory Auditor)
For and on behalf of UNW LLP, Statutory Auditor
Chartered accountants
Newcastle upon Tyne
2 September 2021

Stephenson Rocket Limited

Statement of comprehensive income Year ended 31 December 2019

	2019 £	2018 £
Profit and loss account		
Turnover	667,148	563,356
Cost of sales	(694,977)	(692,105)
Gross loss	(27,829)	(128,749)
Administrative expenses	(362,162)	(522,018)
Operating loss	(389,991)	(650,767)
Interest payable and expenses	(68,838)	-
Loss before tax	(458,829)	(650,767)
Loss for the financial year	(458,829)	(650,767)

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 11 to 16 form part of these financial statements.

Stephenson Rocket Limited

Balance sheet At 31 December 2019

	Note	2019 £	2018 £
Current assets			
Debtors	4	78,599	90,491
Cash at bank and in hand	5	185,774	32,824
		<u>264,373</u>	<u>123,315</u>
Creditors: amounts falling due within one year	6	(1,504,131)	(904,244)
Net current liabilities		<u>(1,239,758)</u>	<u>(780,929)</u>
Total assets less current liabilities		<u>(1,239,758)</u>	<u>(780,929)</u>
Net liabilities		<u>(1,239,758)</u>	<u>(780,929)</u>
Capital and reserves			
Called up share capital		100	100
Profit and loss account		(1,239,858)	(781,029)
		<u>(1,239,758)</u>	<u>(780,929)</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 2 September 2021.



W D Clouston
Director

Registered number: 08175428

The notes on pages 11 to 16 form part of these financial statements.

Stephenson Rocket Limited

Statement of changes in equity Year ended 31 December 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	100	(130,262)	(130,162)
Loss for the year	-	(650,767)	(650,767)
At 1 January 2019	100	(781,029)	(780,929)
Loss for the year	-	(458,829)	(458,829)
At 31 December 2019	100	(1,239,858)	(1,239,758)

The notes on pages 11 to 16 form part of these financial statements.

Stephenson Rocket Limited

Notes to the financial statements Year ended 31 December 2019

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. 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 on a going concern basis and under the historical cost convention. They are presented in pounds sterling and rounded to the nearest pound.

Stephenson Rocket Limited

Notes to the financial statements Year ended 31 December 2019

2. Accounting policies (continued)

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 2019, the company had accrued a sum of £1,303,604 owing to Newcastle City Council 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 debt and has developed further substantial arrears, which are exacerbated by the continuing adverse operational impact of COVID-19 on the business.

In order to secure a sustainable future, the directors have entered into discussions with Interstate to take over management of the car park through which they are confident they will generate the revenue to meet all future rent and other operating costs due to Newcastle City Council. In parallel to this, the directors are hoping to progress negotiations with Newcastle City Council to agree a viable resolution in respect of the outstanding sums due to them.

Whilst the directors are confident that negotiations will be concluded on terms which are mutually acceptable, owing to the incomplete status of these negotiations the directors have considered the going concern status of the company and believe there to be a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern.

The directors acknowledge that, should either agreement with the proposed operator or agreement with Newcastle City Council not be reached then there is a risk that the quantum and timing of future cash flows may be insufficient to permit the company to meet its obligations to Newcastle City Council in the normal course of business.

Nevertheless, the directors, after making enquiries and considering the uncertainties described above, have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, notwithstanding net current liabilities and net liabilities of £1,239,758 at the balance sheet date, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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 Operating leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and 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 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.

Stephenson Rocket Limited

Notes to the financial statements Year ended 31 December 2019

2. Accounting policies (continued)

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 2019

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.

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 the current and preceding years.

Stephenson Rocket Limited

Notes to the financial statements Year ended 31 December 2019

4. Debtors

	2019 £	2018 £
Trade debtors	25,133	40,098
Amounts owed by group undertakings	100	100
Other debtors	32,005	31,548
Prepayments and accrued income	21,361	18,745
	<u>78,599</u>	<u>90,491</u>

5. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	185,774	32,824
	<u>185,774</u>	<u>32,824</u>

Amounts owed by group undertakings have been fully provided against.

6. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	22,382	18,139
Amounts owed to group undertakings	78,982	78,982
Other taxation and social security	22,935	82,351
Accruals and deferred income	1,379,832	724,772
	<u>1,504,131</u>	<u>904,244</u>

Stephenson Rocket Limited

Notes to the financial statements Year ended 31 December 2019

7. Commitments under operating leases

At 31 December 2019 the company had future minimum lease payments under non-cancellable operating leases falling due as follows:

	2019 £	2018 £
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	12,994,800	13,494,600
	<u>15,493,800</u>	<u>15,993,600</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.

8. Related party transactions

The company has taken advantage of the exemption available to disclose transactions with other wholly owned entities that are part of the same group. No other related party transactions occurred in the current or prior year.

9. Parent undertaking preparing consolidated financial statements

The company is included in the consolidated financial statements of Clouston Group Ltd, whose registered office is at 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.