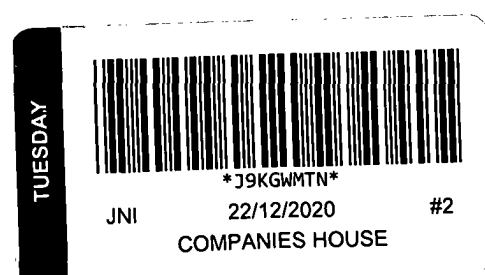


Company Registration No. 10761419 (England and Wales)

**London St James Centre Limited (Formerly Cambridge Centre No.1
Limited)**

Directors' Report and Financial Statements

For the Year Ended 31 December 2019



LONDON ST JAMES CENTRE LIMITED (FORMERLY CAMBRIDGE CENTRE NO.1 LIMITED)

COMPANY INFORMATION

DIRECTORS	S Loh R Morris	(Appointed 6 February 2020)
COMPANY NUMBER	10761419 (England and Wales)	
REGISTERED OFFICE	1 Burwood Place London W2 2UT	
AUDITORS	KPMG Chartered Accountants and Statutory Auditor The Soloist Building 1 Lanyon Place Belfast BT1 3LP	

LONDON ST JAMES CENTRE LIMITED (FORMERLY CAMBRIDGE CENTRE NO.1 LIMITED)

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LONDON ST JAMES CENTRE LIMITED (FORMERLY CAMBRIDGE CENTRE NO.1 LIMITED)

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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

RESULTS AND DIVIDENDS

The results for the year are set out on page 5.

No dividends were paid or proposed for the year ended 31 December 2019 or the year ended 31 December 2018.

FUTURE DEVELOPMENTS

On 11 March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments took stringent steps to help contain or delay the spread of the virus. Most countries, including the UK, have experienced a significant decrease in economic activity as a result of the pandemic. Whilst some of the UK Government measures to contain the spread of COVID-19 started to be relaxed from June 2020 onwards, there continues to be uncertainty regarding when all such measures may be lifted and therefore the recovery of the economy has been slow and there is a risk of a sustained recession.

The IWG plc group reacted quickly and all centres (including the centre operated by the company) continued to operate as normal with full risk assessments having been undertaken. Government guidance continues to encourage individuals to work from home where feasible, and as a result there has been a decrease in the occupancy levels across all centres in 2020 compared to 2019. In addition, there has been a slow-down in the collection of accounts receivable from our tenants. The Directors have taken actions to mitigate the effects of this reduction in cash inflows by deferring costs where possible including furloughing of staff and have sought lease rental decreases and/or abatements from our landlords.

The Directors have not yet determined the overall financial impact from these events but, are confident in the group and company's business model, including the very strong tenant base, the strong order book, and the ability for the group to continue to finance the company's operations.

The directors consider that the future outlook presents significant challenges in terms of sales volume and pricing, as well as costs. The directors have concluded that these circumstances represent a material uncertainty which casts significant doubt upon the company's ability to continue as a going concern. Nevertheless, after making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the annual report and financial statements.

DIRECTORS

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

S Loh	(Appointed 6 February 2020)
R Morris	
PDE Gibson	(Resigned 23 September 2019)
N McIntyre	(Appointed 23 September 2019 and resigned 20 January 2020)

POLITICAL CONTRIBUTIONS

The company made no political contributions in the year ended 31 December 2019 or the year ended 31 December 2018.

EVENTS SINCE THE END OF THE YEAR

Except for the impact of Covid-19 noted above there were no other events since the balance sheet date that would require adjustment or disclosure in the financial statements.

LONDON ST JAMES CENTRE LIMITED (FORMERLY CAMBRIDGE CENTRE NO.1 LIMITED)

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

SMALL COMPANY EXEMPTION

In preparing the Directors' Report, the directors have taken the small companies exemption under section 414B of the Companies Act 2006 not to prepare a Strategic Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 FRS 101 Reduced Disclosure Framework. 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 its profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

STATEMENT OF DISCLOSURE TO AUDITOR

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

AUDITORS

KPMG were appointed as auditors during the year. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG will therefore continue in office.

On behalf of the board



R Morris

Director

18 December 2020



KPMG
Audit
The Soloist Building
1 Lanyon Place
Belfast BT1 3LP
Northern Ireland

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON ST JAMES CENTRE LIMITED (FORMERLY CAMBRIDGE CENTRE NO.1 LIMITED)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of London St James Centre Limited ('the Company') for the year ended 31 December 2019 set out on pages 5 to 22, which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is UK Law and FRS 101 *Reduced Disclosure Framework*.

In our opinion, the accompanying 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 FRS 101 *Reduced Disclosure Framework*; and
- have been properly 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 ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (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.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates that the Company incurred a net loss of £102,000 during the year ended 31 December 2019 and, at that date, the Company had net current liabilities of £1,452,000 and net liabilities of £102,000. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty 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.

Other matter – Prior period financial statements

We note that the prior period financial statements were not audited. Consequently, International Standards on Auditing (UK) require the auditor to state that the corresponding figures contained within these financial statements are unaudited. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON ST JAMES CENTRE LIMITED (FORMERLY CAMBRIDGE CENTRE NO.1 LIMITED) (*continued*)

Report on the audit of the financial statements (*continued*)

Other information (*continued*)

Based solely on our work on the other information:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements;
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they 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 fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

Our 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.

Tom McEvoy (Senior Statutory Auditor)
for and on behalf of
KPMG Statutory Auditor
The Soloist Building
1 Lanyon Place
Belfast
BT1 3LP

18 December 2020

LONDON ST JAMES CENTRE LIMITED (FORMERLY CAMBRIDGE CENTRE NO.1 LIMITED)

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	Unaudited 2018
	Notes	£'000	£'000
TURNOVER	2	488	-
Cost of sales		(566)	-
		<hr/>	<hr/>
GROSS LOSS		(78)	-
Administrative expenses		(2)	-
		<hr/>	<hr/>
OPERATING LOSS	3	(80)	-
Interest payable and similar expenses	6	(22)	-
		<hr/>	<hr/>
LOSS BEFORE TAXATION		(102)	-
Tax on loss	7	-	-
		<hr/>	<hr/>
LOSS FOR THE FINANCIAL YEAR		(102)	-
OTHER COMPREHENSIVE EXPENSE		-	-
		<hr/>	<hr/>
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		(102)	-
		<hr/>	<hr/>

The notes set out on pages 8 to 22 form part of these financial statements.

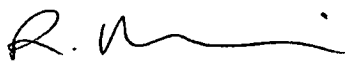
LONDON ST JAMES CENTRE LIMITED (FORMERLY CAMBRIDGE CENTRE NO.1 LIMITED)

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £'000	Unaudited 2018 £'000
FIXED ASSETS			
Intangible assets	8	77	-
Tangible fixed assets	9	4,746	-
		<u>4,823</u>	<u>-</u>
CURRENT ASSETS			
Debtors	10	533	-
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Loans and overdrafts	11	265	-
Creditors	12	1,720	-
		<u>1,985</u>	<u>-</u>
NET CURRENT LIABILITIES		<u>(1,452)</u>	<u>-</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,371</u>	<u>-</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Creditors	13	3,473	-
NET LIABILITIES		<u>(102)</u>	<u>-</u>
CAPITAL AND RESERVES			
Share capital	15	-	-
Profit and loss reserves		<u>(102)</u>	<u>-</u>
SHAREHOLDER DEFICIT		<u>(102)</u>	<u>-</u>

The financial statements were approved by the board of directors and authorised for issue on 18 December 2020 and are signed on its behalf by:



R Morris
Director

Company Registration No. 10761419 (England and Wales)

The notes set out on pages 8 to 22 form part of these financial statements.

LONDON ST JAMES CENTRE LIMITED (FORMERLY CAMBRIDGE CENTRE NO.1 LIMITED)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2018 (Unaudited)	-	-
Changes in equity		
Total comprehensive expense for the year (Unaudited)	-	-
	<u>-</u>	<u>-</u>
Balance at 31 December 2018 (Unaudited)	-	-
Changes in equity		
Total comprehensive expense for the year	(102)	(102)
	<u>(102)</u>	<u>(102)</u>
Balance at 31 December 2019	<u>(102)</u>	<u>(102)</u>

The notes set out on pages 8 to 22 form part of these financial statements.

LONDON ST JAMES CENTRE LIMITED (FORMERLY CAMBRIDGE CENTRE NO.1 LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 ACCOUNTING POLICIES

Company information

London St James Centre Limited (Formerly Cambridge Centre No.1 Limited) is a private limited liability company incorporated, domiciled and registered in England and Wales. The registered office is 1 Burwood Place, London, W2 2UT.

Basis of preparation

The financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes the amendment where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The company's parent, The New Clubhouse London Limited, includes the company in its consolidated financial statements. The consolidated financial statements of The New Clubhouse London Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from The New Clubhouse London Limited registered office, 1 Burwood Place, London, England, W2 2UT.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosure of transactions with a management entity that provides key management personnel services to the Company;
- The effects of new but not yet effective IFRSs; and
- Certain disclosures regarding revenue.

As the consolidated financial statements of The New London Clubhouse Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Impact of key estimates and judgements

There is significant judgement in determining the lease term of contracts with renewal options and the applicable incremental borrowing rates at the commencement of lease contracts.

IFRS 16 defines the lease term as the non-cancellable period of a lease together with the options to extend or terminate a lease, if the lessee were reasonably certain to exercise that option. Where a lease includes the option for the company to extend the lease term, the company makes a judgement as to whether it is reasonably certain that the option will be taken. This will take into account the length of time remaining before the option is exercisable, macro-economic environment, socio-political environment and other lease-specific factors. The determination of applicable incremental borrowing rates at the commencement of lease contracts also requires judgement.

LONDON ST JAMES CENTRE LIMITED (FORMERLY CAMBRIDGE CENTRE NO.1 LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 ACCOUNTING POLICIES

(Continued)

Impact of key estimates and judgements (continued)

Management have assessed that there are no other estimates or judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognised in the financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis.

Changes in accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Company has adopted the following IFRSs in these financial statements:

- IFRS 16: Leases
- IFRIC 23: Uncertainty over Income Tax Treatments
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Plan Amendments, Curtailment or Settlement (Amendments to IAS 19)
- Annual Improvements to IFRSs 2015 – 2017 Cycle
- Prepayment features with Negative Compensation (Amendments to IFRS 9)

Amendments to adopted IFRSs issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) with an effective date from 1 January 2019 did not have a material effect on the Company's financial statements, unless otherwise stated.

Going concern

As described in the Report of the Directors on page 1, the current economic environment is challenging and the Company has reported a loss for the year of £102,000. The directors consider that the outlook presents significant challenges in terms of sales volume and pricing, as well as costs. Additionally, as at 31 December 2019 the company had net current liabilities of £1,452,000. The Company is dependent for its working capital on funds provided to it by The New Clubhouse London Limited, the Company's immediate Parent. The Directors are not aware of any current intention of The New Clubhouse London Limited and related entities to seek repayment for any intercompany balances currently made available to the Company. The directors consider that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any Company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The directors have concluded that these circumstances represent a material uncertainty which casts significant doubt upon the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, after making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resource to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the annual report and financial statements. The financial statements are prepared on the going concern basis and do not include any adjustments that would be necessary if this basis were inappropriate.

LONDON ST JAMES CENTRE LIMITED (FORMERLY CAMBRIDGE CENTRE NO.1 LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 ACCOUNTING POLICIES

(Continued)

Turnover

Revenue from the provision of services to customers is measured at the fair value of consideration received or receivable (excluding sales taxes). Where rent free periods are granted to customers, rental income is spread on a straight-line basis over the length of the customer contract.

Workstations

Workstation revenue is recognised when the provision for the service is rendered. Amounts invoiced in advance are deferred and recognised as revenue upon provision of the service.

Customer service income

Service income (including the rental of meeting rooms) is recognised as services are rendered. In circumstances where the Company acts as an agent for the sale and purchase of goods to customers, only the commission fee earned is recognised as revenue.

Negative Goodwill

Negative goodwill arising on business combinations in respect of acquisitions is included within fixed assets and released to the profit and loss account in the periods in which the non-monetary assets arising on the same acquisition are recovered, whether through depreciation or sale. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in profit or loss in the periods expected to benefit.

Intangible

Intangible assets are stated at cost less any accumulated impairment losses. Intangible assets are allocated to cash-generating units. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

LONDON ST JAMES CENTRE LIMITED (FORMERLY CAMBRIDGE CENTRE NO.1 LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 ACCOUNTING POLICIES

(Continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Under IAS 17, the Company had leases which were classified as finance leases as the Company had assumed substantially all the risks and rewards of ownership of the leased asset. Where land and buildings were held under leases the accounting treatment of the land was considered separately from that of the buildings. Prior to 1 January 2019, these leased assets acquired by way of finance lease were stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. The accounting treatment for these leases subsequent to transition to IFRS 16, and for leases entered into after 1 January 2019 are described below.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Fixtures and fittings - straight line over 10 years
Computer equipment - straight line over 3 to 10 years
Right-of-use assets - over the lease term

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Company.

For acquisitions on or after 1 January 2010, the Company measures goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Expenses

Net finance expense

Interest charges and income are accounted for in the income statement on an accruals basis.

LONDON ST JAMES CENTRE LIMITED (FORMERLY CAMBRIDGE CENTRE NO.1 LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 ACCOUNTING POLICIES

(Continued)

Leases (policy applicable from 1 January 2019)

The new accounting policies of the Company upon adoption of IFRS 16 are as follows:

1. Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised and initial direct costs incurred. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Company also tested its right-of-use assets for impairment on the date of transition and has recognised no impairment.

2. Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments and variable lease payments that depend on an index or a rate. The variable lease payments that do not depend on an index or a rate are recognised as a rent expense in the period in which they are incurred. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term or a change in the in-substance fixed lease payments.

3. Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to short-term leases (i.e. those leases that have a lease term of 12 months or less from commencement). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as a rent expense on a straight-line basis over the lease term.

LONDON ST JAMES CENTRE LIMITED (FORMERLY CAMBRIDGE CENTRE NO.1 LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 ACCOUNTING POLICIES

(Continued)

Financial instruments

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement – financial assets

Financial assets are classified as subsequently measured at amortised cost, fair value through the profit or loss or fair value through other comprehensive income (OCI). The classification depends on the nature and purpose of the financial assets and is determined on initial recognition.

Financial assets (including trade and other receivables) are measured at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

Financial assets (including trade and other receivables) are measured at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent measurement and gains and losses

Financial assets at amortised cost - these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest bearing borrowings and other financial liabilities

Financial liabilities, including interest bearing borrowings, are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, financial liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest rate method.

LONDON ST JAMES CENTRE LIMITED (FORMERLY CAMBRIDGE CENTRE NO.1 LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 ACCOUNTING POLICIES

(Continued)

Financial instruments (continued)

The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or expired.

Financial liabilities are classified as financial liabilities at fair value through profit or loss where the liability is either held for trading or is designated as held at fair value through profit or loss on initial recognition. Financial liabilities at fair value through profit or loss are stated at fair value with any resultant gain or loss recognised in the income statement. The Company has not designated any financial liabilities at fair value through the profit or loss and it has no current intention to do so.

Impairment – financial assets

IFRS 9 requires the Company to record expected credit losses (ECLs) on all of its financial instruments, either on a 12-month or lifetime basis. The Company applied the simplified approach to trade receivables and recorded the lifetime expected losses.

Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences in relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rate enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable future taxable profits will be available against which the temporary difference can be utilised.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

The terms of most building leases require the company to make good dilapidation or other damage occurring during the rental period. Due to the nature of the business, centres are maintained to a high standard. Provisions for dilapidations are only made when the company considers that it is likely that the premises will be vacated by the company and it is known that a dilapidation has occurred.

LONDON ST JAMES CENTRE LIMITED (FORMERLY CAMBRIDGE CENTRE NO.1 LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 ACCOUNTING POLICIES

(Continued)

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2 TURNOVER

All results are derived from the provision of serviced offices and related services in the United Kingdom.

3 EXPENSES AND AUDITORS' REMUNERATION

	2019	Unaudited 2018
	£'000	£'000
Included in profit/(loss) are the following:		
Amortisation of intangible assets	30	-
Negative Goodwill amortisation	(6)	-
Depreciation	182	-
	<u>216</u>	<u>-</u>

Amounts paid to the company's auditor in respect of services to the company of £1,000 (2018: £Nil) have been paid for by IW Group Services (UK) Limited. Details of auditor's remuneration are disclosed in the accounts of IW Group Services (UK) Limited.

LONDON ST JAMES CENTRE LIMITED (FORMERLY CAMBRIDGE CENTRE NO.1 LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

4 ACQUISITIONS

Acquisitions in the current period

On 7 October 2019, the Company acquired the trade and net assets of The Clubhouse London for £217,000. The company provides serviced offices and related services.

The acquisition had the following effect on the Company's assets and liabilities.

	Recognised values on acquisition £'000
Acquiree's net assets at the acquisition date:	
Tangible fixed assets	728
Deferred income	(612)
Intangible assets	237
	<u>353</u>
Net identifiable assets and liabilities	<u>353</u>
Consideration paid:	
Initial cash price paid	217
Cash acquired	-
	<u>217</u>
Total consideration	<u>217</u>
Negative goodwill on acquisition	<u>(136)</u>

5 EMPLOYEES AND DIRECTORS

IW Group Services (UK) Limited recharges the payroll costs to London St James Centre Limited (Formerly Cambridge Centre No.1 Limited) at cost. No employees are directly employed by the Company.

Details of PDE Gibson's and R Morris's remuneration are disclosed in the accounts of IW Group Services (UK) Limited. N McIntyre's remuneration is paid through Regus Group Services Limited.

6 INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £'000	Unaudited 2018 £'000
Interest on lease liabilities	<u>22</u>	<u>-</u>

LONDON ST JAMES CENTRE LIMITED (FORMERLY CAMBRIDGE CENTRE NO.1 LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

7 TAXATION

Analysis of tax expense

No liability to UK corporation tax arose for the year ended 31 December 2019 nor for the year ended 31 December 2018.

	2019	Unaudited 2018
	£'000	£'000
Reconciliation of effective tax rate		
Loss before taxation	(102)	-
	<u> </u>	<u> </u>
Tax using the UK corporation tax rate of 19%	(19)	-
Effects of:		
Expenses not deductible in determining taxable profit	5	-
Group relief at nil consideration	9	-
Capital allowances in excess of depreciation	5	-
	<u> </u>	<u> </u>
Taxation charge for the year	-	-
	<u> </u>	<u> </u>

Factors that may affect future and total tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the company's future current tax charge accordingly.

The company has tax losses carried forward of £45,000 (2018: £Nil) and decelerated capital allowances of £58,000 (2018: £Nil) for which no deferred tax asset has been recognised, on the basis that there is uncertainty with regard to the timing of future taxable profits.

LONDON ST JAMES CENTRE LIMITED (FORMERLY CAMBRIDGE CENTRE NO.1 LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

8 INTANGIBLE ASSETS

	Customer list £'000	Negative goodwill £'000	Total £'000
Cost			
At 1 January 2019	-	-	-
Additions	237	(136)	101
	<u>237</u>	<u>(136)</u>	<u>101</u>
At 31 December 2019	237	(136)	101
	<u>237</u>	<u>(136)</u>	<u>101</u>
Amortisation and impairment			
At 1 January 2019	-	-	-
Charge for the year	30	(6)	24
	<u>30</u>	<u>(6)</u>	<u>24</u>
At 31 December 2019	30	(6)	24
	<u>30</u>	<u>(6)</u>	<u>24</u>
Carrying amount			
At 31 December 2019	207	(130)	77
	<u>207</u>	<u>(130)</u>	<u>77</u>
At 31 December 2018	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

The amortisation is recognised in Administration expenses in the profit and loss account.

Negative goodwill arising on the acquisition of The Clubhouse London in 2019 was in excess of the fair value of the non-monetary assets acquired. An amount equal to the fair value of the non-monetary assets acquired is being released to the profit and loss account commensurately with the recovery of the non-monetary assets acquired, whether through depreciation or sale. Negative goodwill will be released to the profit and loss account by equal annual instalments over the 10 year period ended 1 October 2029 being the period the fixed assets acquired will be depreciated over.

LONDON ST JAMES CENTRE LIMITED (FORMERLY CAMBRIDGE CENTRE NO.1 LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

9 TANGIBLE FIXED ASSETS

	Right of use assets £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
COST				
At 1 January 2019	-	-	-	-
Additions	4,194	-	6	4,200
Acquisition	-	708	20	728
At 31 December 2019	4,194	708	26	4,928
DEPRECIATION				
At 1 January 2019	-	-	-	-
Charge for the year	154	26	2	182
At 31 December 2019	154	26	2	182
NET BOOK VALUE				
At 31 December 2019	4,040	682	24	4,746
At 31 December 2018	-	-	-	-

10 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	Unaudited 2018 £'000
Trade debtors	369	-
Other receivables	128	-
VAT recoverable	22	-
Prepayments and accrued income	14	-
	533	-

LONDON ST JAMES CENTRE LIMITED (FORMERLY CAMBRIDGE CENTRE NO.1 LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

11 LOANS AND OVERDRAFT

	2019	Unaudited 2018
	£'000	£'000
Unsecured borrowings at amortised cost		
Bank overdrafts	265	-
	<u>265</u>	<u>-</u>

Analysis of loans and overdrafts

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

Interest rate for Bank overdraft is 1.35%,

	2019	Unaudited 2018
	£'000	£'000
Due within one year liabilities	265	-
	<u>265</u>	<u>-</u>

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	Unaudited 2018
	£'000	£'000
Trade creditors	14	-
Amounts owed to fellow group undertakings	147	-
Accruals and deferred income	508	-
Amounts owed to other related parties	489	-
Lease liabilities	562	-
	<u>1,720</u>	<u>-</u>

13 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2019	Unaudited 2018
	£'000	£'000
Lease liabilities	3,473	-
	<u>3,473</u>	<u>-</u>

LONDON ST JAMES CENTRE LIMITED (FORMERLY CAMBRIDGE CENTRE NO.1 LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

14 LEASES

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment properties and are presented as property, plant and equipment (see note 9).

	Right-of-use assets £'000
Balance at 1 January 2019	-
Additions	4,194
Depreciation charge for the year	(154)
	<u>4,040</u>
Balance at 31 December 2019	<u>4,040</u>

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for which the Company is a lessee:

Leases under IFRS 16

	2019 £'000
Interest expense on lease liabilities	22
	<u>22</u>

15 SHARE CAPITAL

	2019 £	Unaudited 2018 £
Allotted, issued and fully paid:		
1 Ordinary Share of £1 each	1	1
	<u>1</u>	<u>1</u>

LONDON ST JAMES CENTRE LIMITED (FORMERLY CAMBRIDGE CENTRE NO.1 LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

16 EVENTS AFTER THE REPORTING PERIOD

On 11 March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments took stringent steps to help contain or delay the spread of the virus. Most countries, including the UK, have experienced a significant decrease in economic activity as a result of the pandemic. Whilst some of the UK Government measures to contain the spread of COVID-19 started to be relaxed from June 2020 onwards, there continues to be uncertainty regarding when all such measures may be lifted and therefore the recovery of the economy has been slow and there is a risk of a sustained recession.

The IWG plc group reacted quickly and all centres (including the centre operated by the company) continued to operate as normal with full risk assessments having been undertaken. Government guidance continues to encourage individuals to work from home where feasible, and as a result there has been a decrease in the occupancy levels across all centres in 2020 compared to 2019. In addition, there has been a slow-down in the collection of accounts receivable from our tenants. The Directors have taken actions to mitigate the effects of this reduction in cash inflows by deferring costs where possible including furloughing of staff and have sought lease rental decreases and/or abatements from our landlords.

The Directors have not yet determined the overall financial impact from these events but, are confident in the group and company's business model, including the very strong tenant base, the strong order book, and the ability for the group to continue to finance the company's operations.

There were no other events since the balance sheet date that would require adjustment or disclosure in the financial statements.

17 ULTIMATE PARENT COMPANY

The Company's ultimate owners are a joint venture between IWG Clubhouse Partner Limited (50%) and Boost & Co Limited (50%), both companies incorporated and registered in England and Wales.

The largest group in which the results of the Company are consolidated is that headed by The New Clubhouse London Limited, a company incorporated in England and Wales. The smallest group in which they are consolidated is that headed by The New Clubhouse London Limited, registered and domiciled in England and Wales. The New London Clubhouse Limited Consolidated financial statements are available at the registered office, 1 Burwood Place, London, England, W2 2UT.