

Company Registration No. 10761419 (England and Wales)

London St James Centre Limited
Annual Report and Financial Statements
For the Year Ended 31 December 2022



LONDON ST JAMES CENTRE LIMITED

COMPANY INFORMATION

DIRECTOR	R Morris
COMPANY NUMBER	10761419 (England and Wales)
REGISTERED OFFICE	6th Floor 2 Kingdom Street London W2 6BD
AUDITORS	KPMG Chartered Accountants and Statutory Auditor The Soloist Building 1 Lanyon Place Belfast BT1 3LP

LONDON ST JAMES CENTRE LIMITED

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LONDON ST JAMES CENTRE LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The director presents his report with the financial statements of the Company for year ended 31 December 2022.

RESULTS AND DIVIDENDS

The results for the year are set out on page 7.

No dividends were paid or proposed for the year ended 31 December 2022 or the year ended 31 December 2021.

FUTURE DEVELOPMENTS

The Company has reported an operating profit for the year of £266,000. Additionally, as at 31 December 2022 the Company had net current liabilities of £2,768,000. The Company is dependent for its working capital on funds provided to it by The New Clubhouse London Limited, the immediate parent undertaking. The New Clubhouse London Limited is dependent for its working capital on funds provided by IWG Clubhouse Partner Limited (50%) and Boost & Co Limited (50%), the Company's ultimate owners. The directors are not aware of any current intention of The New Clubhouse London Limited to not continue to provide financial support to the Company, and in particular do not intend to seek repayment of any intercompany balances currently made available to the Company, for at least for the next twelve months from the date of these accounts to enable it to meet its financial liabilities as they fall due and to enable the Company to continue to trade. 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. 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 was as follows:

R Morris

S Loh

(Resigned 12 May 2023)

POLITICAL CONTRIBUTIONS

The Company made no political contributions in the year ended 31 December 2022 or the year ended 31 December 2021.

EVENTS SINCE THE END OF THE YEAR

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

SMALL COMPANY EXEMPTION

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

LONDON ST JAMES CENTRE LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The directors are responsible for preparing the Director's 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 director has 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 estimates that are reasonable and prudent;
- state whether applicable 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.

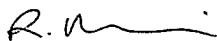
STATEMENT OF DISCLOSURE TO AUDITOR

The directors who held office at the date of approval of the Director's Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITORS

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG will therefore continue in office.

On behalf of the board



R Morris
Director
27 March 2024



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

Report on the audit of the financial statements

Disclaimer of Opinion

We were engaged to audit the financial statements of London St James Centre Limited ('the Company') for the year ended December 31, 2022 set out on pages 7 to 23, which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, 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 UK accounting standards, including FRS 101 Reduced Disclosure Framework.

We do not express an opinion on the financial statements. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

Basis for disclaimer of opinion

In seeking to form an opinion on the financial statements we considered the implications of the significant uncertainties disclosed in the financial statements concerning the following matter:

The Company holds right of use assets relating to leased properties. The Company has not performed a detailed impairment analysis based on the expected future cashflows. As the detailed impairment analysis have not been performed we were unable to satisfy ourselves by alternative means concerning the impairment of right of use assets at December 31, 2022.

The audit evidence available to us was limited as the Company was unable to provide a right of use asset impairment assessment, as at the date of our audit opinion. As a result of this matter, we have been unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included: inquiring with the directors as to the Company's policies and procedures regarding compliance with laws and regulations and prevention and detection of fraud; inquiring whether the directors have knowledge of any actual or suspected non-compliance with laws or regulations or alleged fraud; inspecting the Group's regulatory and legal correspondence; and reading Board minutes.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

The Company is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.



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 or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law and environmental law.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls. On this audit we do not believe there is a fraud risk related to revenue recognition. We did not identify any additional fraud risks.

In response to risk of fraud, we also performed procedures including: identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; evaluating the business purpose of significant unusual transactions; assessing significant accounting estimates for bias; and assessing the disclosures in the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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, because of the significance of the matter described in the basis for disclaimer of opinion paragraph and the possible consequential effect on the other information, we do not express an opinion on whether we have identified material misstatements in the other information.



Opinions on other matters prescribed by the Companies Act 2006

Because of the significance of the matters described in the basis for disclaimer of opinion paragraph, and the possible consequential effect on the related disclosures in the Directors' Report, although in our opinion the information given in the Directors' Report for the financial year is consistent with the financial statements, we do not express an opinion on the preparation of that report in accordance with the Companies Act 2006 or whether we have identified material misstatements in that report.

Matters on which we are required to report by exception

Because of the matter described in the basis for disclaimer of opinion paragraph:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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.

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 responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing (UK), and to issue an auditor's report. However, due to the significance of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the Financial Reporting Council (FRC)'s Ethical Standard.



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.

A handwritten signature in black ink that reads 'P. Marshall'.

27 March 2024

Phillip Marshall (Senior Statutory Auditor)

for and on behalf of

KPMG, Statutory Auditor
The Soloist Building
1 Lanyon Place
Belfast
BT1 3LP

LONDON ST JAMES CENTRE LIMITED

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
TURNOVER	2	1,742	1,110
Cost of sales		(1,476)	(2,080)
GROSS PROFIT/(LOSS)		266	(970)
Administrative expenses		(48)	(47)
OPERATING PROFIT/(LOSS)	5	218	(1,017)
Interest payable and similar expenses	4	(29)	(81)
PROFIT/(LOSS) BEFORE TAXATION		189	(1,098)
Tax on profit/(loss)	6	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		189	(1,098)
OTHER COMPREHENSIVE EXPENSE		-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		189	(1,098)

The notes set out on pages 10 to 23 form part of these financial statements.


LONDON ST JAMES CENTRE LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
FIXED ASSETS			
Intangible assets - goodwill	7	(95)	(109)
Tangible fixed assets	8	2,320	3,298
		<u>2,225</u>	<u>3,189</u>
CURRENT ASSETS			
Debtors	9	510	1,071
Cash at bank and in hand		1	283
		<u>511</u>	<u>1,354</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Creditors	10	3,279	4,548
		<u>(2,768)</u>	<u>(3,194)</u>
NET CURRENT LIABILITIES			
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(543)</u>	<u>(5)</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Creditors	11	1,580	2,307
NET LIABILITIES		<u>(2,123)</u>	<u>(2,312)</u>
CAPITAL AND RESERVES			
Share capital	13	-	-
Profit and loss reserves		(2,123)	(2,312)
SHAREHOLDER DEFICIT		<u>(2,123)</u>	<u>(2,312)</u>

The financial statements were approved by the board of directors and authorised for issue on 27 March 2024 and are signed on its behalf by:



R Morris

Director

Company Registration No. 10761419 (England and Wales)

The notes set out on pages 10 to 23 form part of these financial statements.

LONDON ST JAMES CENTRE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2021	-	(1,214)	(1,214)
Changes in equity			
Total comprehensive expense for the year	-	(1,098)	(1,098)
Balance at 31 December 2021	-	(2,312)	(2,312)
Changes in equity			
Total comprehensive income for the year	-	189	189
Balance at 31 December 2022	-	(2,123)	(2,123)

The notes set out on pages 10 to 23 form part of these financial statements.

LONDON ST JAMES CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 ACCOUNTING POLICIES

Company information

London St James Centre Limited is a private company incorporated, domiciled and registered in England and Wales, in the UK. The registered office is 6th Floor, 2 Kingdom Street, London, W2 6BD and the company registration number is 10761419 (England and Wales).

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 UK-adopted international accounting standards ("UK-adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's parent undertaking, 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 UK-Adopted international accounting standard ("UK-adopted IFRS") and are available to the public and may be obtained from UK Companies House.

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 or parents and other group companies;
- 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;
- Certain disclosures regarding revenue; and
- Certain disclosures regarding leases.

As the consolidated financial statements of The New Clubhouse London 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.

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

Impact of key estimates and judgements

There is significant judgement in determining the lease term of contracts and estimating the incremental borrowing rates on the leases.

Leases

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.

LONDON ST JAMES CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 ACCOUNTING POLICIES

(Continued)

Impact of key estimates and judgements (continued)

Leases (continued)

The determination of applicable incremental borrowing rates on leases at the commencement of lease contracts also requires judgement in those instances where a lease has been modified during the year. Where a lease has not been modified, no key estimates or judgements were exercised in this regard. The Company determines its incremental borrowing rates by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease. The Company considers the relevant market interest rate, based on the weighted average of the timing of the lease payments under the lease obligation. In addition, a spread over the market rate is applied based on the cost of funds to the Company, plus a spread that represents the risk differential of the lessee entity compared to the Company funding cost.

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 basis.

Changes in accounting policies

In the current year, the Company has applied a number of amendments to UK-adopted IFRS that are effective for an accounting period that begins on or after 1 January 2022:

- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework – Amendments to IFRS 3

The adoption of the above did not have a material effect on these financial statements.

Going concern

As described in the Directors' Report on page 1, the Company has reported an operating profit for the year of £266,000. Additionally, as at 31 December 2022 the Company had net current liabilities of £2,768,000. The Company is dependent for its working capital on funds provided to it by The New Clubhouse London Limited, the immediate parent undertaking. The New Clubhouse London Limited is dependent for its working capital on funds provided by IWG Clubhouse Partner Limited (50%) and Boost & Co Limited (50%), the Company's ultimate owners. The directors are not aware of any current intention of The New Clubhouse London Limited to not continue to provide financial support to the Company, and in particular do not intend to seek repayment of any intercompany balances currently made available to the Company, for at least for the next twelve months from the date of these accounts to enable it to meet its financial liabilities as they fall due and to enable the Company to continue to trade. 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 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. 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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.

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.

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 or over the life of the lease if shorter
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.

Intangible assets

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Expenses

Net finance expense

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

LONDON ST JAMES CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 ACCOUNTING POLICIES

(Continued)

Leases

The nature of the Company's lease relates to the rental of commercial office real estate premises.

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.

Right-of-use assets are subject to impairment review on an annual basis.

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. Lease modifications

The carrying amount of lease liabilities is remeasured where there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The impact of the modification is recognised against the carrying amount of the right-of-use assets or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

4. 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.

5. Partner contributions

Partner contributions are contributions from our business partners (property owners and landlords) towards the initial costs of opening a business centre, including the fit-out of the property. Partner contributions representing a reimbursement to the lessee are accounted for as agency arrangements, and form part of the lessor's (landlord's) assets.

Partner contributions where the Company retains ownership of the fit-out assets are accounted for as a lease incentive. If received at or before the lease commencement date, are accounted for by reducing the right-of-use asset; and if received after the commencement date, are accounted for as a reduction of the lease liability and the right-of-use asset.

LONDON ST JAMES CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 ACCOUNTING POLICIES

(Continued)

Leases (continued)

6. Lease term

The lease term represents the period from lease inception up to either:

- a. The earliest point at which the lease could be broken, where break clauses exist;
- b. The point at which the lease could be extended, but no further, where extension options exist; or
- c. To the end of the contractual lease term in all other cases.

7. Lease break penalties

Lease break penalties where the lease term has been determined as the period from inception up to a break clause and when there are break payments or penalties, have been appropriately included in the measurement of the lease liability.

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.

LONDON ST JAMES CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 ACCOUNTING POLICIES

(Continued)

Financial instruments (continued)

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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.

LONDON ST JAMES CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

3 EMPLOYEES AND DIRECTORS

IW Group Services (UK) Limited, a related undertaking of the ultimate owners, recharges the payroll costs to London St James Centre Limited at cost. No employees are directly employed by the Company (2021: Nil).

The Company made no payments or remuneration to the directors during the year (2021: £Nil)

4 INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£'000	£'000
Interest on lease liabilities	28	74
Other interest payable	1	7
	<u>29</u>	<u>81</u>

5 EXPENSES AND AUDITOR'S REMUNERATION

	2022	2021
	£'000	£'000
Included in profit are the following:		
Amortisation of intangible assets	(14)	75
Variable lease payments not included in the measurement of lease liabilities	408	-
Depreciation	558	788
	<u>552</u>	<u>863</u>

Amounts paid to the Company's auditor in respect of services to the Company of £1K (2021: £1K) 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

6 TAXATION

Analysis of tax expense

No liability to UK corporation tax arose for the year ended 31 December 2022 nor for the year ended 31 December 2021.

Reconciliation of effective tax rate	2022 £'000	2021 £'000
Profit/(loss) before taxation	189	(1,098)
Tax using the UK corporation tax rate of 19%	36	(209)
Effects of:		
Expenses not deductible in determining taxable profit	(1)	9
Utilisation of tax losses not previously recognised	(58)	-
Group relief at nil consideration	-	175
Capital allowances in excess of depreciation	23	23
Disallowed interest	-	2
Taxation charge for the year	-	-

Factors that may affect future and total tax charges

Following Finance Act 2021, the corporation tax rate will increase from 19% to 25% with effect from 1 April 2023. Accordingly deferred tax has been provided at 25% (2021: 19%), the rate expected to apply when timing differences reverse in the future.

The Company has tax losses carried forward of £1,725,000 (2021: £1,986,000) and decelerated capital allowances of £97,000 (£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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

7 INTANGIBLE ASSETS

	Goodwill	Customer lists	Total
	£'000	£'000	£'000
Cost			
At 31 December 2021	(143)	237	94
At 31 December 2022	(143)	237	94
Amortisation and impairment			
At 31 December 2021	(34)	237	203
Charge for the year	(14)	-	(14)
At 31 December 2022	(48)	237	189
Carrying amount			
At 31 December 2022	(95)	-	(95)
At 31 December 2021	(109)	-	(109)

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

8 TANGIBLE FIXED ASSETS

	Right of use assets £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
COST				
At 1 January 2022	4,194	831	23	5,048
Additions	-	23	1	24
Modifications	(444)	-	-	(444)
At 31 December 2022	3,750	854	24	4,628
DEPRECIATION				
At 1 January 2022	1,482	250	18	1,750
Charge for the year	436	119	3	558
At 31 December 2022	1,918	369	21	2,308
NET BOOK VALUE				
At 31 December 2022	1,832	485	3	2,320
At 31 December 2021	2,712	581	5	3,298

9 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000	2021 £'000
Trade debtors	280	1,048
VAT recoverable	169	-
Prepayments and accrued income	61	23
	510	1,071

LONDON ST JAMES CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000	2021 £'000
Trade creditors	449	1,951
Amounts owed to fellow group undertakings	1,559	1,373
Amounts owed to ultimate parent undertakings	77	-
Accruals and deferred income	789	269
VAT	-	132
Lease liabilities	405	823
	<u>3,279</u>	<u>4,548</u>

Amounts owed to fellow group undertakings includes intercompany loans which are repayable on demand and are guaranteed by floating charges over the Company's property, assets, book debt, credit balances, interest in all shares, stocks, debentures, bonds, warrants, coupons or other securities and investments.

Amounts owed to ultimate parent undertakings are unsecured and are repayable on demand.

11 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2022 £'000	2021 £'000
Lease liabilities	<u>1,580</u>	<u>2,307</u>

LONDON ST JAMES CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 LEASES

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment properties are presented as property, plant and equipment (see note 8).

	Right-of-use assets £'000
Balance at 1 January 2021	3,375
Depreciation charge for the year	(663)
Balance at 31 December 2021	2,712
Modifications	(444)
Depreciation charge for the year	(436)
Balance at 31 December 2022	1,832

A modification has been made to the Right of Use Assets due to a remeasurement of the lease in March 2022. This has been agreed between the Company and its Landlord.

Amounts recognised in profit or loss

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

	2022 £'000	2021 £'000
Interest expense on lease liabilities	28	74
Variable lease payments not included in the measurement of lease liabilities	408	-

13 SHARE CAPITAL

Allotted, issued and fully paid:	2022 £'000	2021 £'000
1 Ordinary Share of £1 each	1	1

14 ULTIMATE PARENT COMPANY

The company is a subsidiary undertaking of The New Clubhouse London Limited. The Company's ultimate owners are IWG Clubhouse Partner Limited (50%) and Boost & Co Limited (50%), both companies are 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. No other group financial statements include the results of the Company. The New London Clubhouse Limited consolidated financial statements are available at the registered office, 6th Floor, 2 Kingdom Street, London, England, W2 6BD.

LONDON ST JAMES CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

15 EVENTS AFTER THE REPORTING PERIOD

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

16 RELATED PARTY TRANSACTIONS

During the year the Company received management services from related group undertakings of IWG Clubhouse Partner Limited of £172,000 (2021: £118,000). Additionally the Company's receivables are collected by a related undertaking of IWG Clubhouse Partner Limited, together with facilitating payment of payroll and other administrative costs. A net recharge credit of £62,000 (2021: £12,000) to the Company. As at 31 December 2022 there is an amount outstanding from related group undertakings of £77,000 (2021: £158,000).