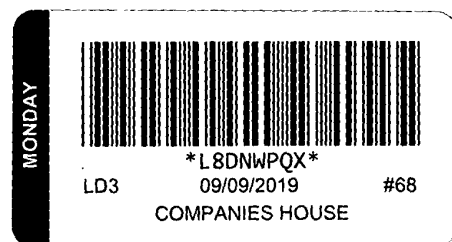


Company Registration No. 01492483

Annual report for the year ended 31  
December 2018

**Acorn Pub Management  
Services Limited**



**COMPANY INFORMATION**

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<b>Directors</b>	J J Raggett V O'Hana
<b>Company Secretary</b>	S Royce
<b>Company registration number</b>	01492483
<b>Registered office</b>	35 Charles Street London W1J 5EB
<b>Auditor</b>	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD

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## **STRATEGIC REPORT**

**YEAR ENDED 31 DECEMBER 2018**

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The Directors present their Strategic Report for the company for the year ended 31 December 2018

### **PRINCIPAL ACTIVITIES**

The principal activity of the company during the year was hotel operations and management. The company operates a 4 star hotel in Dorset.

### **BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

The company saw an increase in its revenue of 10.8% to £924,061 from £834,319 for 2018 (2017: increase of 4.9%) and the EBITDA for the year increased by £29,487 to a loss of £6,639 (2017: £36,126 loss). The profit after tax has increased from a loss of £27,839 to a profit of £3,622.

In summary the key performance indicators that we use to monitor business performance are as follows:

Occupancy levels

Average room rates

Revenue per available room

EBITDA (Earnings before interest, taxation, depreciation and amortisation)

The company is currently in a net liability position with total liabilities exceeding total assets by £1,708,739 (2017: £1,712,401) and continues to be reliant on the support of its ultimate parent company.

We hope to improve on overall results in 2018.

### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £3,662 (2017: loss of £27,839). The Directors do not recommend a dividend for the current year (2017: £nil).

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Directors acknowledge that they have responsibility for the company's systems of internal control and risk management and for monitoring their effectiveness. The purposes of these systems are to manage, rather than eliminate, the risk of failure to achieve business objectives, to provide reasonable assurance as to the quality of management information and to maintain proper control over the income, expenditure, assets and liabilities of the company.

No system of control can, however, provide absolute assurance against material misstatement or loss. Accordingly, the Directors have regard to what controls, in their judgement, are appropriate to the company's business and to the relative costs and benefits of implementing specific controls.

The main risks that the company could face relate to factors that are common to the hotel industry and beyond the company's control, such as the global economic downturn, changes in travel patterns or in the structure of the travel industry and the increase in acts of terrorism.

Acorn Pub Management Services Limited mitigate the risk of an economic downturn utilising financial support from The Travel Corporation, its ultimate parent company. This allows them to manage short and medium term fluctuations in demand.

**STRATEGIC REPORT (continued)****YEAR ENDED 31 DECEMBER 2018**

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**PRINCIPAL RISKS AND UNCERTAINTIES (Continued)**

In a referendum on 23 June 2016 the British public expressed a desire for the country to formally resign its membership of the European Union, and currently plan to leave on 31 October 2019. At this point in time it is impossible to assess in detail the opportunities and threats that such a resignation could present. The director is managing these risks by closely monitoring the position and are confident that the company will be able to amend and modify their procedures to remain fully compliant with any new rules and regulations and to maintain the group's standing and reputation in the marketplace locally and, where appropriate, throughout Europe and worldwide.

Signed by order of the board of Directors

  
**J J Raggett**  
Director

Date: 20 AUGUST 2019

**DIRECTORS' REPORT****YEAR ENDED 31 DECEMBER 2017**

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The Directors present their Report and the audited financial statements of the company for the year ended 31 December 2018.

**MATTERS COVERED IN THE STRATEGIC REPORT**

As permitted by paragraph 1A of Schedule 7 to the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on page 1. These matters relate to the principal activity, the review and analysis of the business, development and financial performance and the principal risks and uncertainties.

**FINANCIAL INSTRUMENTS**

Details of the company's financial risk management objectives and policies are included in note 12 to the accounts.

**DIRECTORS**

The Directors who served the company during the year and to the date of this Report were as follows:

J J Raggett  
V O'Hana

The company's Articles of Association include provisions indemnifying the Directors for all liabilities incurred in the performance of their duties.

**GOING CONCERN**

Having made appropriate enquiries, the Directors consider it reasonable to assume that the company has adequate resources to continue for the foreseeable future and, for this reason, have continued to adopt the going concern basis in preparing the financial statements.

**POLITICAL DONATIONS**

The company made no political donations during the financial year (2017: £nil).

**EVENTS AFTER THE REPORTING DATE**

Since the year end, the hotel lease has been renewed for a period of 3 years from the 1 January 2019.

**DISCLOSURE OF INFORMATION TO THE AUDITOR**

The Directors who held office at the date of approval of this Directors' 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 to make himself aware of any relevant audit information and to establish that the company's Auditor is aware of that information.

**DIRECTORS' REPORT (continued)**

**YEAR ENDED 31 DECEMBER 2018**

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**AUDITOR**

It is proposed that Mazars LLP will continue in office in accordance with the Companies Act 2006 Section 487(2).

Signed by order of the board of Directors

  
**J J Raggett**  
Director

Date: 20 AUGUST 2019

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE  
DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2018**

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The Directors are responsible for preparing the Strategic Report, 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 International Financial Reporting Standards ("IFRS") as adopted by the European Union and applicable law. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRS as adopted by the European Union have been followed subject to any material departures disclosed and explained in the financial statements
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



**ACORN PUB MANAGEMENT SERVICES LIMITED****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS  
OF ACORN PUB MANAGEMENT SERVICES LIMITED (continued)****YEAR ENDED 31 DECEMBER 2018**

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**Opinion**

We have audited the financial statements of Acorn Pub Management Services Limited (the 'company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial Reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our Report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**The impact of uncertainties due to the United Kingdom exiting the European Union ('Brexit') on our audit**

The Director's view on the impact of Brexit is disclosed on page 2. The terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy. We considered the impact of Brexit on the company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible implications for the company and this is particularly the case in relation to Brexit

**Conclusions relating to going concern**

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

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

**ACORN PUB MANAGEMENT SERVICES LIMITED****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS  
OF ACORN PUB MANAGEMENT SERVICES LIMITED (continued)****YEAR ENDED 31 DECEMBER 2018**

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**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our Report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to Report that fact.

We have nothing to Report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to Report by exception**

In light of the knowledge and understanding of the group and the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

**ACORN PUB MANAGEMENT SERVICES LIMITED****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS  
OF ACORN PUB MANAGEMENT SERVICES LIMITED (continued)****YEAR ENDED 31 DECEMBER 2018**

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**Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/Auditorsresponsibilities](http://www.frc.org.uk/Auditorsresponsibilities). This description forms part of our Auditor's Report.

**Use of the audit Report**

This Report is made solely to the company's member 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.



Rachel Lawton (Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
Tower Bridge House  
St Katharine's Way  
London  
E1W 1DD

Date: 2 SEPTEMBER 2019

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**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>Revenue</b>	<b>2</b>	924,061	834,319
Cost of sales		(725,875)	(680,330)
<b>Gross profit</b>		198,186	153,989
Administrative expenses		(206,765)	(195,329)
<b>Loss before taxation</b>	<b>3</b>	(8,579)	(41,340)
Taxation credit	<b>5</b>	12,241	13,501
<b>Profit/(loss) for the year</b>		3,662	(27,839)
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		3,662	(27,839)

The notes on pages 13 to 26 form part of these financial statements.

All results relate to continuing operations.

## STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2018

		2018	2017
	Note	£	£
<b>Non-current assets</b>			
Property, plant and equipment	6	-	-
<b>Current assets</b>			
Inventories	7	13,407	14,449
Trade and other receivables	8	18,050	21,021
Cash and cash equivalents	9	560	560
		32,017	36,030
<b>Total assets</b>		32,017	36,030
<b>Current liabilities</b>			
Amounts due to related parties	10	1,702,713	1,704,414
Other payables	11	38,043	44,017
		1,740,756	1,748,431
<b>Total liabilities</b>		1,740,756	1,748,431
<b>Equity</b>			
Share capital	15	2	2
Retained earnings		(1,708,741)	(1,712,403)
<b>Total equity</b>		(1,708,739)	(1,712,401)
<b>Total liabilities and equity</b>		32,017	36,030

The notes on pages 13 to 26 form part of these financial statements.

These financial statements were approved by the board of Directors and authorised for issue and are signed on their behalf by:

  
**J J Baggett**  
 Director

Date: 20 AUGUST 2019

**STATEMENT OF CHANGES IN EQUITY**

**YEAR ENDED 31 DECEMBER 2018**

	Note	Share capital £	Retained earnings £	Total £
At 1 January 2017		2	(1,684,564)	(1,684,562)
Total comprehensive income for the year		-	(27,839)	(27,839)
At 1 January 2018		2	(1,712,403)	(1,712,401)
Total comprehensive income for the year		-	3,662	3,662
At 31 December 2018	15	2	(1,708,741)	(1,708,739)

The notes on pages 13 to 26 form part of these financial statements.

## STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Profit/(loss) after taxation		3,662	(27,839)
<i>Adjustments for:</i>			
Impairment of property, plant and equipment	6	1,939	5,214
Taxation	5	(12,241)	(13,501)
		<u>(6,640)</u>	<u>(36,126)</u>
<b>Cash flows used in operations before changes in working capital</b>			
Decrease in inventories	7	1,042	2,828
Decrease/(increase) in trade and other receivables	8	2,971	(12,241)
Decrease in other payables	11	(7,234)	(11,895)
		<u>(9,861)</u>	<u>(57,434)</u>
<b>Cash used in operations</b>			
Tax received	5	13,501	22,977
		<u>3,640</u>	<u>(34,457)</u>
<b>Net cash generated/(used in) from operating activities</b>			
<b>Cash flows used in investing activities</b>			
Purchase of property, plant and equipment	6	(1,939)	(5,214)
		<u>(1,939)</u>	<u>(5,214)</u>
<b>Net cash used in investing activities</b>			
<b>Cash flows from financing activities</b>			
(Decrease)/Increase in amounts due to related parties	10	(1,701)	39,671
		<u>(1,701)</u>	<u>39,671</u>
<b>Net cash from financing activities</b>			
Net movement in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		560	560
		<u>560</u>	<u>560</u>
<b>Cash and cash equivalents at 31 December</b>	9	<u>560</u>	<u>560</u>

The notes on pages 13 to 26 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2018**

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**1. ACCOUNTING POLICIES****General information**

Acorn Pub Management Services Limited is a private company incorporated and domiciled in England and Wales. The address of the registered office in the United Kingdom is stated on the company information page and the nature of the company's operations and principal activities are stated in the Strategic Report. The financial statements have been presented in Pounds Sterling as this is the currency of the primary economic environment that the company operates in.

**Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. These financial statements have been prepared under the historical cost convention. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

**Going concern**

The Directors have, at the time of approving the financial statements, a reasonable expectation that the company have adequate resources to continue in operational existence for the foreseeable future.

As shown in the accompanying financial statements, the company's total liabilities exceed its total assets by £1,708,739 at 31 December 2018. The company's ultimate parent has represented that it will continue to provide ongoing financial support to enable the company to meet its financial obligations and that the company will not be required to pay obligations owed to any group entities while its liabilities exceed its assets. The ability of the company to continue as a going concern is dependent on this ongoing financial support and based on this they continue to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements do not include any adjustments that might be necessary if the company is unable to continue as a going concern.

**Revenue recognition**

Revenue is recognised from the sale of goods and services from the company's ordinary activities.

Revenue is recognised from the sale of services when the amount can be measured reliably, the service has been provided and is stated after trade discounts and other sales taxes, and is net of VAT.

**Property, plant and equipment**

Items of property, plant and equipment are stated at cost of acquisition less accumulated depreciation and impairment losses.

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	- 10% straight line
Equipment	- 20% straight line

**Impairment of fixed assets**

Fixed assets are impaired when Directors believe that the carrying amount of an asset exceeds the recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income.



**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2018**

---

**1. ACCOUNTING POLICIES (continued)**

**Inventories**

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Pension costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the statement of comprehensive income on an accruals basis.

**Inventories**

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Operating lease -lessee**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as Reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2018**

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**1. ACCOUNTING POLICIES (continued)**

**Deferred tax (continued)**

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the Reporting period, to recover or settle the carrying amount of its assets and liabilities.

**Financial instruments**

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

***Financial assets***

The company's financial assets include cash and cash equivalents and trade and other receivables. All financial assets are initially recognised at fair value plus transaction costs, when the company becomes party to the contractual provisions of the instrument.

Interest and other cash flows resulting from holding financial assets are recognised in the statement of comprehensive income using the effective interest method.

Provision for impairment of trade, loan receivables and other receivables is made when objective evidence is received that the company will not be able to collect all amounts due to it in accordance with the original terms of the receivable. The amount of the impairment is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Any change in their value through impairment or reversal of impairment is recognised in the statement of comprehensive income.

A financial asset is derecognised if the contractual rights to receive the cash flows of the asset have been transferred or the company retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the group transfers substantially all the risks and rewards of ownership of the asset.

***Financial liabilities***

The company's financial liabilities include related party loans, trade and other payables and liabilities at fair value through profit and loss. Financial liabilities are recognised when the company becomes a party to the contractual agreement of the instrument. All interest related charges are recognised as an expense in finance costs in the statement of comprehensive income using the effective interest method.

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost less settlement payments.

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

## 1. ACCOUNTING POLICIES (continued)

*Financial liabilities (continued)*

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received, net of issue costs associated with the borrowing.

After initial recognition, loans and borrowings are measured at amortised cost using the effective interest method. Gains or losses are recognised in the statement of comprehensive income when liabilities are derecognised or impaired, as well as through the amortisation process.

*Classification as equity or financial liability*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities.

**Standards, amendments and interpretations adopted in the current financial year ended 31 December 2018**

None of the new standards, interpretations and amendments effective for the first time from 1 January 2018, have had a material effect on the financial statements.

	EU effective date – periods beginning on or after*	Non-EU effective date – periods beginning on or after
Amendment to IAS 40 <i>Investment Property</i> : Transfers of investment property	1 January 2018	1 January 2018
Amendment to IFRS 2 <i>Share-based Payment</i> : Classification and measurement of share-based payment transactions	1 January 2018	1 January 2018
IFRS 9 <i>Financial Instruments</i>	1 January 2018	1 January 2018
IFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018	1 January 2018
Annual Improvements to IFRSs (2014 - 2016)	1 January 2018	1 January 2018
IFRIC 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018	1 January 2018

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2018**

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**1. ACCOUNTING POLICIES (continued)**

Management have carried out a review of the impacts to the Group of IFRS 15 and IFRS 9 and their findings are as follows:

**IFRS 15**

Management has assessed that there is no impact to the company of adopting IFRS 15.

**IFRS 9**

IFRS 9 introduced new requirements for the classification and measurement of financial assets and financial liabilities and also on the impairment of financial assets. The date of initial application is 1 January 2018. All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. There has been no impact on the company's financial assets as regard to their classification and measurement. In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. IFRS 9 requires the company to recognise a loss allowance for expected credit loss on trade receivables. There has been no impact on the adoption of this standard.

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

## 1. ACCOUNTING POLICIES (continued)

**Standards, amendments and interpretations in issue but not yet effective**

The Directors are currently assessing the impact of adopting the new standards and interpretations noted below.

	EU effective date – periods beginning on or after	Non-EU effective date – periods beginning on or after
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020	1 January 2020
Amendment to IFRS 3 Business Combinations: Definition of a Business	1 January 2020	1 January 2020
IAS 19 <i>Employee Benefits</i> : Amendment in relation to plan amendment, curtailment or settlement	1 January 2019	1 January 2019
IAS 28 <i>Investments in Associates and Joint Ventures</i> : Amendment in relation to Long-term interests in Associates and Joint Ventures	1 January 2019	1 January 2019
IFRS 9 <i>Financial Instruments</i> : Amendment in relation to Prepayment features with negative compensation	1 January 2019	1 January 2019
IFRS 16 <i>Leases</i>	1 January 2019	1 January 2019
Annual Improvements to IFRSs (2015 - 2017)	1 January 2019	1 January 2019
Conceptual Framework (Revised) and amendments to related references in IFRS Standards	1 January 2020	1 January 2020
IFRIC 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019	1 January 2019

Management have carried out a detailed review of the potential impacts to the Group of IFRS 16 and their findings are as follows:

**Impact of IFRS 16 Leases**

The Group has performed a preliminary high-level assessment of the new standard on its existing operating leasing arrangements as a lessee (Note 16). Based on this preliminary assessment, the Group expects these operating leases to be recognised as Right of Use Assets with corresponding lease liabilities. The Group plans to adopt the standard when it becomes effective in 2019.

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

## 1. ACCOUNTING POLICIES (continued)

Standards, amendments and interpretations in issue but not yet effective (continued)

## Impact of IFRS 16 Leases

The Group has performed a preliminary high-level assessment of the new standard on its existing operating leasing arrangements as a lessee (Note 13). Based on preliminary assessment, the Group expects these operating leases to be recognised as Right of Use Assets with corresponding lease liabilities under the new standard. The Group plans to adopt the standard when it becomes effective in 2019.

## Critical accounting judgements and sources of estimate uncertainty

The company's significant accounting policies are outlined in note 1 to the financial statements. The company's Director is required to conclude annually that the residual value of the property are held exceeds the carrying value in the statement of financial position therefore eliminating the requirement for it to be depreciated. None of the other significant accounting policies require the Directors to make difficult, subjective or complex judgements or estimates.

## 2. REVENUE

The revenue and loss before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	2018	2017
	£	£
United Kingdom	924,061	834,319
	<u>          </u>	<u>          </u>

## 3. LOSS BEFORE TAXATION

Operating loss for the year is stated after charging:	2018	2017
	£	£
Impairment of owned fixed assets	1,939	5,214
Auditor's remuneration - as Auditor	6,070	6,070
- taxation services	850	850
- other services	325	325
Operating lease costs - land and buildings	25,000	25,000
	<u>          </u>	<u>          </u>

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

## 4. STAFF NUMBERS AND COSTS

The average number of persons employed by the company during the financial year amounted to:

	2018 Number	2017 Number
Management staff	3	3
Other staff – services	17	15
	<u>20</u>	<u>18</u>

The aggregate payroll costs of the above were:

	2018 £	2017 £
Wages and salaries	387,853	357,010
Social security costs	29,590	26,720
Pension costs	5,468	3,357
	<u>422,911</u>	<u>387,087</u>

No salaries or wages have been paid to the Directors in the current or prior year and no contributions were made to a pension on behalf of a Director (2017: £nil).

The Directors of the company are also the key management personnel.

## 5. TAXATION

## (a) Analysis of credit in the year

	2018 £	2017 £
Current tax:		
Adjustment in respect of prior years	(12,241)	(13,501)
	<u>(12,241)</u>	<u>(13,501)</u>

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

## 5. TAXATION (continued)

**(b) Factors affecting current tax credit**

The tax assessed on the loss for the year varies from the effective rate of corporation tax in the UK of 19% (2017: 19.25%).

	2018 £	2017 £
Loss before taxation	(8,579)	(41,340)
Loss at effective rate of 19% (2017: 19.25%)	(1,630)	(7,957)
Depreciation in excess of capital allowances claimed	-	1,004
Expenses not deductible for tax purposes	2,618	376
Adjustment to deferred tax	(104)	768
Deferred tax not recognised	(884)	5,809
Adjustment in respect of prior years	(12,241)	(13,501)
Total current tax credit (note 5(a))	(12,241)	(13,501)

**(c) Factors that may affect future tax charges**

No provision has been made for the deferred tax asset of £45,761 calculated at 17% (2017: £57,228 calculated at 17%) arising from depreciation and impairment of equipment, fixtures and fittings in excess of taxation allowances and losses available because the timing of profits is uncertain.

The claim for taxation allowances and the recoverability of the deferred tax asset is dependent on the availability of sufficient future taxable profits of the company against which unused taxation allowances can be utilised. In such circumstances the company recognises that, at the statement of financial position date, it may not be appropriate to provide for the deferred tax asset.



## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

<b>6. PROPERTY, PLANT AND EQUIPMENT</b>	<b>Fixtures &amp; fittings £</b>	<b>Equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2017	221,839	6,117	227,956
Additions	5,214	-	5,214
Disposals	(4,027)	-	(4,027)
	<hr/>	<hr/>	<hr/>
At 31 December 2017	223,026	6,117	229,143
Additions	1,939	-	1,939
Disposals	(2,902)	-	(2,902)
	<hr/>	<hr/>	<hr/>
At 31 December 2018	222,063	6,117	228,180
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Depreciation and impairment</b>			
At 1 January 2017	221,839	6,117	227,956
Impairment	5,214	-	5,214
Eliminated on disposal	(4,027)	-	(4,027)
	<hr/>	<hr/>	<hr/>
At 31 December 2017	223,026	6,117	229,143
Impairment	1,939	-	1,939
Disposal	(2,902)	-	(2,902)
	<hr/>	<hr/>	<hr/>
At 31 December 2018	222,063	6,117	228,180
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Net book value</b>			
At 31 December 2017	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2018	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

<b>7. INVENTORIES</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Goods for resale	13,407	14,449
	<u>13,407</u>	<u>14,449</u>
<b>8. TRADE AND OTHER RECEIVABLES</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade receivables	4,244	5,711
Prepayments and accrued income	13,806	15,310
	<u>18,050</u>	<u>21,021</u>
	<u>18,050</u>	<u>21,021</u>
There is no provision for impairment of trade receivables as the Directors believe all balances to be recoverable.		
At the year end all debtor balances were current (2017: current).		
<b>9. CASH AND CASH EQUIVALENTS</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Petty cash	560	560
	<u>560</u>	<u>560</u>
<b>10. AMOUNTS DUE TO RELATED PARTIES</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Due in less than one year</b>		
Amounts owed to related parties (note 14)	1,702,713	1,704,414
	<u>1,702,713</u>	<u>1,704,414</u>
<b>11. OTHER PAYABLES</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Accruals	38,043	44,017
	<u>38,043</u>	<u>44,017</u>
	<u>38,043</u>	<u>44,017</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2018**

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**12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The company holds or issues financial instruments in order to achieve three main objectives, as follows:

- a) to finance its operations;
- b) to manage its exposure to interest risk from its operations and from its sources of finance; and
- c) for trading purposes.

In addition, various financial instruments (e.g. trade receivables and trade payables) arise directly from the company's operations.

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below.

***Credit risk***

The company has no significant concentrations of credit risk. Amounts shown in the statement of financial position best represent the maximum credit risk exposure in the event of other parties failing to perform their obligations under financial instruments.

The company monitors credit risk closely and considers that its current policies of credit checks meet its objectives of managing exposure to credit risk.

The ultimate parent entity confirms that group liabilities will not be demanded whilst the company's liabilities exceed its assets. Repayments of related party balances are not expected within five years.

***Liquidity risk***

The company at all times maintains adequate committed credit facilities in order to meet all its commitments as and when they fall due. Long term borrowing, where it exists, is funded from within The Travel Corporation group. The Travel Corporation Limited has guaranteed to provide any future funding requirements of the company to enable it to meet its liabilities as they fall due.

Unless disclosed, related party loans do not bear interest and the Directors are of the opinion that the carrying value is not materially different from the fair value.

***Interest rate risk***

The company is exclusively funded by related party borrowings.

The fair values of loans from related parties have been determined by discounting cash flow projections at rates of interest having regard to the specific risks attached to them.

***Interest rate sensitivity analysis***

Interest rate sensitivity analysis has been determined based on the exposure to interest rates for non-derivative instruments at the statement of financial position date. Based on the above assumptions if interest rates had been 0.5% higher/lower and all other variables were held constant, the Directors have concluded that there would not be a material impact on the financial statements.

***Foreign exchange risk***

The company operates exclusively within the UK and is not directly exposed to foreign exchange risk. Hedging instruments are therefore not used and there would be no financial impact of a change in the exchange rates.

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

## 12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Capital risk management*

The company aims to manage its overall capital so as to ensure the company continues to operate as a going concern, whilst providing an adequate return to shareholders.

The company's capital structure represents the equity attributable to the shareholders of the company together with borrowings and cash and cash equivalents.

## 13. COMMITMENTS UNDER OPERATING LEASES

The company has entered into operating leases in respect of properties. The total of future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings	
	2018	2017
	£	£
Expiry date:		
Not later than one year	25,000	25,000
	<u>25,000</u>	<u>25,000</u>

## 14. RELATED PARTY TRANSACTIONS

During the year the company incurred expenses from related parties as follows:

		2018	2017
		£	£
Red Carnation Hotels (U.K.) Limited	Management charges	61,680	59,880
Time Out Holidays Limited	Rent	25,000	25,000
		<u>86,680</u>	<u>84,880</u>

Amounts owed to related parties which are interest free, unsecured and repayable on demand:

	2018	2017
	£	£
Summer Lodge Management Limited	1,702,713	1,704,414
	<u>1,702,713</u>	<u>1,704,414</u>

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

## 15. SHARE CAPITAL

	2018		2017	
	Number	£	Number	£
<b>Allotted, called up and fully paid</b>				
Ordinary shares of £1 each	2	2	2	2
	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

	2018		2017	
	Number	£	Number	£
<b>Equity shares</b>				
Ordinary shares of £1 each	2	2	2	2
	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

## 16. EVENTS AFTER THE REPORTING DATE

Since the year end, the hotel lease has been renewed for a period of 3 years from the 1 January 2019.

## 17. CONTROLLING PARTY AND PARENT COMPANIES

The company's ultimate parent undertaking is The Travel Corporation Limited, a company incorporated in the British Virgin Islands. The Travel Corporation Limited is considered to be company's controlling party.

The largest group in which the results of the company are consolidated is that headed by The Travel Corporation Limited, a company incorporated in the British Virgin Islands. The financial statements of this company are not available to the public. The smallest group in which they are consolidated is that headed by Chesterfield (Mayfair) Limited, its immediate parent company, a company registered in England and Wales.