Company Registration No. 01492483

Annual report for the year ended 31 December 2021

Acorn Pub Management Services Limited

COMPANY INFORMATION

Directors	J J Raggett V O'Hana
Company Secretary	S Royce
Company registration number	01492483
Registered office	14 Grosvenor Place London SW1X 7HH
Auditor	Mazars LLP Chartered Accountants & Statutory Auditor 30 Old Bailey London EC4M 7AU

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The Directors present their Strategic Report for the Company for the year ended 31 December 2021.

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 30.8% to £830,256 from £634,761 for 2020 (2020: decrease of 32.9%) and the EBITDA for the year increased by £53,901 to a profit of £33,594 (2020: loss of £20,307). The increase in revenue in the year is due to the hospitality market improving over the course of the year as lock downs and restrictions in relation to Covid-19 relaxed. The result after tax has improved from a loss of £52,654 to a loss of £13,644.

During the year, the Company used the Government support schemes such as the Coronavirus Job Retention Scheme and received the Council Lockdown Grants available, along with deferrals of the PAYE and VAT payments. In 2020, the Company received a rental waiver from the landlord for the whole year and in 2021 they have received a 25% rental deferral for the year which is to be paid at a later date by the Company. The rental deferral has been accounted for within the intercompany balance as the company leases the property from a related party.

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 £1,860,752 (2020: £1,847,108) and continues to be reliant on the support of its ultimate parent company.

The Company has seen improvements in results in 2021 compared to the results of 2020. The Covid-19 pandemic has still had a large impact on the Company during 2021 due to the restrictions which were in place during the first half of the year. However the second half of 2021 when all restrictions in the UK were lifted has shown sign of improvement and recovery. It is expected that this will continue as more travel restrictions improve and the market recovers. The Company is expecting the continued improvements in the market to continue in 2022 and has seen an increase in bookings at the start of the year and as the year continues.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £13,644 (2020: loss of £52,654). The Directors do not recommend a dividend for the current year (2020: £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.

PRINCIPAL RISKS AND UNCERTAINTIES (Continued)

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 mitigates the risk of an economic downturn by utilising financial support from The Travel Corporation, its ultimate parent company. This allows them to manage short and medium term fluctuations in demand.

New trading arrangements between the United Kingdom and the European Union took effect on 31 December 2020. In general, tariffs and quotas on trade have not been introduced, although administrative complications and regulatory restrictions have reduced the freedom of cross-border trade. The Company is carefully monitoring the practical application of the new trading arrangements by regulatory authorities, to better understand what the eventual impact on its business will be. The process of determining these effects is ongoing, and has also been delayed by the suspension of certain sectors of economic activity in response to the COVID-19 pandemic.

Due to the ongoing global COVID-19 coronavirus pandemic, the Company is monitoring the current situation and assessing the impact on a daily basis as the situation evolves.

We have considered the potential impact of Russian forces entering Ukraine on the business and consider there to be no impact on the business.

Signed by order of the board of Directors

J J Raggett
Director

Date: 1st July 2022

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2021

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2021.

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 pages 1 and 2. These matters relate to future developments.

FINANCIAL INSTRUMENTS

Details of the Company's financial risk management objectives and policies are included in note 17 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.

The directors have considered the ongoing impact of COVID-19 in making their going concern assessment based on the current situation and the impact on the Company and consider the going concern assessment to be appropriate. The Company is in a net liability position at the year end and the Company's ultimate parent has represented that it will continue to provide ongoing financial support to enable the Company to meets 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.

POLITICAL DONATIONS

The Company made no political donations during the financial year (2020: £nil).

EVENTS AFTER THE REPORTING DATE

Post year end, the Company renewed its right-of-use asset lease for property. The new lease covers an additional 7 year period to 31 December 2029. The estimated financial effect of this new lease is expected to be £25,000 per year.

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.

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

Jonathan Raggett

J J Raggett
Director

Date: 1st July 2022

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

YEAR ENDED 31 DECEMBER 2021

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 UK-adopted international accounting standards. 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 accordance with UK-adopted international accounting standards have been followed subject to any material departures disclosed and explained in the financial statements
- provide additional disclosures when compliance with specific requirements in UK-adopted international accounting standards 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.

Opinion

We have audited the financial statements of Acorn Pub Management Limited (the 'Company') for the year ended 31 December 2021 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, 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 UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended; and
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

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

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 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as: tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to: posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to the completeness and cut off) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

This report is made solely to the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

Rachel Lawton

Rachel Lawton (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London
EC4M 7AU
Date: 7 July 2022

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Revenue	2	830,256	634,761
Cost of sales		(774,800)	(598,055)
Gross profit		55,456	36,706
Administrative expenses		(178,282)	(178,675)
Other operating income	3	109,575	75,275
Loss from operations	4	(13,251)	(66,694)
Finance costs	6	(393)	(816)
Loss before taxation		(13,644)	(67,510)
Taxation	7	-	14,856
Loss for the year		(13,644)	(52,654)
Other comprehensive income		-	-
Total comprehensive loss for the year		(13,644)	(52,654)

The notes on pages 14 to 28 form part of these financial statements.

All results relate to continuing operations.

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Non-current assets			
Property, plant and equipment	8	-	-
Right-of-use asset	9	-	24,170
		-	24,170
Current assets			
Inventories	10	16,048	13,897
Trade and other receivables	11	9,943	3,932
Cash and cash equivalents	12	400	400
Amounts due from related parties	13	14,856	14,856
		41,247	33,085
Total assets		41,247	57,255
Current liabilities			
Amounts due to related parties	14	1,854,990	1,832,937
Trade and other payables	15	47,009	46,869
Obligations under leases	16	-	24,557
		1,901,999	1,904,363
Total liabilities		1,901,999	1,904,363
Equity			
Share capital	19	2	2
Retained earnings		(1,860,754)	(1,847,110)
Total equity		(1,860,752)	(1,847,108)
Total liabilities and equity		41,247	57,255

The notes on pages 14 to 28 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 Raggett
Director

Date: 1st July 2022

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2021

	Note	Share capital £	Retained earnings £	Total £
At 1 January 2020		2	(1,794,456)	(1,794,454)
Total comprehensive loss for the year		-	(52,654)	(52,654)
At 1 January 2021		2	(1,847,110)	(1,847,108)
Total comprehensive loss for the year		-	(13,644)	(13,644)
At 31 December 2021	18	2	(1,860,754)	(1,860,752)

The notes on pages 14 to 28 form part of these financial statements.

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2021

	Note	2022 £	2020 £
Cash flows from operating activities			
Loss after taxation		(13,644)	(52,654)
Adjustments for:			
Depreciation of property, plant and equipment	8	11,796	12,307
Impairment of property, plant and equipment	8	10,879	-
Depreciation on right-of-use assets	9	24,170	24,169
Taxation	7	-	(14,856)
Finance costs	6	393	816
Cash flows from/(used in) operations before changes in working capital		33,594	(30,218)
(Increase)/decrease in inventories	10	(2,151)	356
(Increase)/decrease in trade and other receivables	11	(6,062)	12,213
Decrease in trade and other payables	15	191	(8,478)
Cash generated from/(used in) operations		25,572	(26,127)
Tax received	7	-	14,856
Net cash generated from/(used in) operating activities		25,572	(11,271)
Cash flows used in investing activities			
Purchase of property, plant and equipment	8	(22,675)	(12,307)
Net cash used in investing activities		(22,675)	(12,307)
Cash flows from financing activities			
Increase in amounts due to related parties	13	22,053	63,434
Increase in amounts due from related parties	14	-	(14,856)
Interest on lease liability	16	(393)	(816)
Decrease in lease liabilities		(24,557)	(24,184)
Net cash generated from financing activities		(2,897)	23,578
Net movement in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		400	400
Cash and cash equivalents at 31 December	12	400	400

The notes on pages 14 to 28 form part of these financial statements.

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.

Basis of preparation

The financial statements have been prepared in accordance with UK-adopted international accounting standards. These financial statements have been prepared under historical cost convention. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The financial statements have been presented in Pounds Sterling as this is the currency of the primary economic environment that the Company operates in.

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. The directors have considered the ongoing impact of COVID-19 in making their going concern assessment based on the current situation and the impact on the Company and consider the going concern assessment to be appropriate.

As shown in the accompanying financial statements, the Company's total liabilities exceed its total assets by £1,860,752 at 31 December 2021. 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

1. ACCOUNTING POLICIES (continued)

Depreciation (continued)

The Right-of-use assets are depreciated over the shorter of the lease term and the assets useful life. In this instance, the lease term is shorter.

Impairment

Individual items of tangible fixed assets are reviewed for impairment annually and tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that do not generate independent cash flows are combined into cash generating units. If carrying amounts exceed estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. Recoverable amount is the higher of fair value less cost to sell and value in use. Value in use is assessed based on estimated future cash flows discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Inventories

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

Government grants

Government grants relate to the Coronavirus Job Retention Scheme ("CJRS"). Government grants are not recognised until there is reasonable assurance that the Company will comply the conditions attaching to them and that the grants will be received. Government grants are recognised in profit and loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in the profit or loss in the period in which they become receivable.

Government grants relating to the Coronavirus Job Retention Scheme (CJRS) and Council Lockdown Grants are presented separately in the statement of comprehensive income within 'other operating income'.

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.

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.

1. ACCOUNTING POLICIES (continued)

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.

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.

1. ACCOUNTING POLICIES (continued)

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.

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.

Leases

The Company leases land and buildings. Rental contracts are typically made for fixed periods of a few years at a time but may have extension options.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative standalone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Standards, amendments and interpretations adopted in the current financial year ended 31 December 2021

The only new or amended accounting standard which affected the Company during the year is mentioned below. There have been no other amendments to accounting standards, or IFRIC interpretations that have had a material impact on the Company's financial statements.

1. ACCOUNTING POLICIES (continued)

IFRS 16 COVID-19-Related Rent Concessions Amendment

In the prior year, the Company adopted COVID-19-Related Rent Concessions (Amendment to IFRS 16) that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In March 2021, the International Accounting Standards Board (IASB) issued COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extended the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022.

In the current financial year, the Company has applied the amendment to IFRS 16 (as issued by the IASB in May 2021). The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19.

The Company has recognised a credit of £nil (2020: £25,000) in profit or loss for the reporting period to reflect changes in lease payments that arise from rent concessions to which they have applied the practical expedient. The Company has recognised a rent deferral of £6,250 (2020: £nil) in which the practical expedient has been applied for in the current year. The rental deferral has been accounted for within the intercompany balance as the company leases the property from a related party.

Standards, amendments and interpretations in issue but not yet effective

There are no new or amendments or interpretations to accounting standards, or IFRIC interpretations that are in issues but not yet adopted that will have a material impact on the Company's financial statements.

Critical accounting judgements and sources of estimate uncertainty

The Company's significant accounting policies are outlined in note 1 to the financial statements.

Critical judgement in applying the Company's accounting policies

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. An impairment of £12,307 was identified during the current financial year.

1. ACCOUNTING POLICIES (continued)

Key sources of estimation uncertainty
Right-of-use assets

The interest rate used to calculate the finance charge on a right-of-use liability is the same as the interest rate used by the parent Company on loans to the Company. This being the cost of money to the Company if it were to borrow funds to satisfy the lease obligation.

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:

	2021	2020
	£	£
United Kingdom	830,256	634,761

Due to the nature of the business the turnover is recognised when the service is provided and revenue is recognised on a daily basis.

3. OTHER OPERATING INCOME

	2021	2020
	£	£
CJRS grant	83,432	75,275
Council Lockdown Grant	26,143	-
	109,575	75,275

During 2020 and 2021, the Company received grants relating to the Coronavirus Job Retention Scheme (CJRS). During 2021, there were local Council Lockdown Grants available to the hospitality industry due to the restrictions in place in early 2021, which the Company received in the year.

4. OPERATING LOSS

Operating loss for the year is stated after charging:		2021	2020
		£	£
Impairment of owned fixed assets		11,796	12,307
Depreciation of right-of-use-asset		24,170	24,169
Auditor's remuneration	- as Auditor	6,250	5,866
	- taxation services	1,475	1,424
	- other services	594	750

5. STAFF NUMBERS AND COSTS

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

	2021 Number	2020 Number
Management staff	3	3
Other staff – services	18	17
	21	20

The aggregate payroll costs of the above were:	2021 £	2020 £
Wages and salaries	462,309	365,111
Social security costs	34,374	23,890
Pension costs	8,437	6,739
	505,120	395,740

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 (2020: £nil).

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

6. FINANCE COSTS

	2021 £	2020 £
Interest expense on lease liabilities	393	816

7. TAXATION

(a) Analysis of credit in the year

	2021	2020
	£	£
Current tax:		
Adjustment in respect of prior years	-	(14,856)
	-	(14,856)

(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% (2020: 19%).

	2021	2020
	£	£
Loss before taxation	(13,644)	(67,510)
Loss at effective rate of 19% (2020: 19%)	(2,592)	(12,830)
Fixed asset differences	2,347	2,280
Expenses not deductible for tax purposes	172	1,329
Adjustment to deferred tax	(18,764)	(4,911)
Deferred tax not recognised	18,837	14,132
Adjustment in respect of prior years	-	(14,856)
Total current tax credit (note 7(a))	-	(14,856)

(c) Factors that may affect future tax charges

No provision has been made for the deferred tax asset of £78,183 calculated at 25% (2020: £55,872 calculated at 19%) 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.

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

8. PROPERTY, PLANT AND EQUIPMENT

	Fixtures & fittings £	Equipment £	Total £
Cost			
At 1 January 2020	222,063	6,117	228,180
Additions	22,218	-	22,218
Disposals	(89,139)	-	(89,139)
Impairment	(22,218)		(22,218)
At 31 December 2020	132,924	6,117	139,041
Additions	16,950	5,725	22,675
Disposals	-	(4,151)	(4,151)
Impairment	(16,950)	(5,725)	(22,675)
At 31 December 2021	132,924	1,966	134,890
Depreciation and impairment			
At 1 January 2020	222,063	6,117	228,180
Charge for the year	12,307	-	12,307
Impairment	(12,307)	-	(12,307)
Disposals	(89,139)	-	(89,139)
At 31 December 2020	132,924	6,117	139,041
Charge for the year	11,796	-	11,796
Impairment	(11,796)	-	(11,796)
Disposals	-	(4,151)	(4,151)
At 31 December 2021	132,924	1,966	134,890
Net book value			
At 31 December 2021	-	-	-
At 31 December 2020	-	-	-

9. RIGHT-OF-USE-ASSET

	Land & Buildings £	Total £
Cost		
At 1 January 2020	72,508	72,508
Additions	-	-
At 1 January 2021	72,508	72,508
Additions	-	-
At 31 December 2021	72,508	72,508
Depreciation		
At 1 January 2020	24,169	24,169
Charge for the year	24,169	24,169
At 1 January 2021	48,338	48,338
Charge for the year	24,170	24,170
At 31 December 2021	72,508	72,508
Net book value		
At 31 December 2021	-	-
At 31 December 2020	24,170	24,170

The Company leases a property for which the lease term was 3 years ending 31 December 2021. Post year end this has been extended a further 7 years.

The statement of comprehensive income shows the following amounts relating to leases:

	2021 £	2020 £
Depreciation charge of right-of-use assets	24,170	24,169
Interest expense on lease liabilities	393	816
Changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient	-	(25,000)
Changes in lease payments that arise from rent deferrals to which the lessee has applied the practical expedient	(6,250)	-

The total cash outflow for leases amount to £18,750 (2020: £nil).

The property leases in which the Company is the lessee contain variable additional rentals linked to sales generated from the leased property.

10. INVENTORIES

	2021	2020
	£	£
Goods for resale	16,048	13,897

11. TRADE AND OTHER RECEIVABLES

	2021	2020
	£	£
Trade receivables	3,502	-
Prepayments and accrued income	6,441	3,932
	9,943	3,932

The ageing analysis of trade receivables is as follows:	2021	2020
	£	£
Neither past due nor impaired	3,502	-

There is no provision for impairment of trade receivables as the directors believe all balances to be recoverable.

12. CASH AND CASH EQUIVALENTS

	2021	2020
	£	£
Cash and bank	400	400

13. AMOUNTS DUE FROM RELATED PARTIES

	2021	2020
	£	£
Due in less than one year		
Amounts owed from related parties (note 18)	14,856	14,856

14. AMOUNTS DUE TO RELATED PARTIES

	2021	2020
	£	£
Due in less than one year		
Amounts owed to related parties (note 18)	1,854,990	1,832,937

15. TRADE AND OTHER PAYABLES

	2021 £	2020 £
Accruals	30,233	46,869
Deferred income	16,776	-
	47,009	46,869

16. LEASE LIABILITIES

	2021 £	2020 £
Analysed as:		
Current	-	24,557
	-	24,557

	2021 £	2020 £
Maturity analysis		
Due within one year	-	24,557
Between two and five years	-	-
After five years	-	-
	-	24,557

The Company does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the Company's treasury function.

The above leases expired at 31 December 2021 and therefore showing a £nil balance at the year end, however the lease was extended post year end by a further 7 years.

The undiscounted future cash flows on leases at 31 December 2021 were as follows:

	2021 £	2020 £
Within one year	-	25,000
Between two and five years	-	-
After five years	-	-
	-	25,000

17. 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 materiality 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.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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.

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.

18. RELATED PARTY TRANSACTIONS

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

		2021	2020
		£	£
Red Carnation Hotels (U.K.) Limited	Management charges	56,133	70,608
Time Out Holidays Limited	Rent	18,750	-

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

	2021	2020
	£	£
Summer Lodge Management Limited	1,848,740	1,832,937
Time Out Holidays Limited	6,250	-
Trafalgar Management Services Limited	(14,856)	(14,856)

19. SHARE CAPITAL

	2021		2020	
	Number	£	Number	£
Allotted, called up and fully paid				
Ordinary shares of £1 each	2	2	2	2

	2021		2020	
	Number	£	Number	£
Equity shares				
Ordinary shares of £1 each	2	2	2	2

20. EVENTS AFTER THE REPORTING DATE

Post year end, the Company renewed its right-of-use asset lease for property. The new lease covers an additional 7 year period to 31 December 2029. The estimated financial effect of this new lease is expected to be £25,000 per year.

21. 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.