

Imago@Loughborough Limited

**Financial Statements
for the year ended 31 July 2022**

Company Registration No. 02355400

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Imago@Loughborough Limited

Financial statements for the year ended 31 July 2022

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Imago@Loughborough Limited

Strategic Report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Principal activity

The company's principal activities are to market, sell and operate accommodation, catering and conference space located at Loughborough University. These services operate in Burleigh Court, Holywell Park and The Elite Athlete Centre, on the University Campus and at The Link which is off campus and located within Loughborough near to the University site.

On 1st February 2021, the company purchased Loughborough University Nursery Ltd, childcare day nursery situated within the university campus grounds. Loughborough University Nursery Ltd is a wholly owned subsidiary of Imago @ Loughborough Ltd.

Review of the business, including key performance indicators and future prospects

This year has seen the business perform well despite the disruption experienced as a result of continued Corona Virus measures instructed by government. There was pent up demand, and it was vital that the business was in a position to capitalise on this, it has done so successfully returning to a profitable position for the full trading year.

Trading income relating to hotel and conferencing grew by 159% from the previous year, this reflects the softer revenues delivered in 2021 as a result of the pandemic. The company utilised financial support from the government by claiming grants from the Job Retention Scheme to the value of £3,990 (2021: £758,355). Income derived from normal activities was £10,907,941 (2021: 4,218,188)

The operating profit for the year of 4% compares with an operating loss for 2021 of 66%, these results have been delivered against a challenging backdrop of uncertain trading, limited lockdowns and wavering customer confidence. It is testament to the team within the company, that such a strong performance has been delivered.

The proportion of Human Resources costs to turnover is 33% (2020: 65%), this is a stronger result than the previous two years which were affected by the shortfall in turnover due to the impact of Covid 19. It should be noted that the company has committed to becoming a Real Living Wage Employer and has moved pay rates accordingly in the year.

The profit after corporation tax of £4,384,410 (2021: loss of £2,393,894) has been transferred to reserves.

The company has strengthened its cash position through a sale and leaseback of Burleigh Court Hotel, one half of this asset was already under the ownership of Loughborough University, so this is a sale of the remaining portion. This provided cash into IMAGO of £8,600,000. This sum has been utilised to repay debt to Loughborough University accrued as a result of the pandemic, to provide a cash for future investment and to maintain healthy cash reserves.

The company (Imago@Loughborough Limited) is a wholly owned subsidiary of Loughborough University.

The balance sheet on page 9, shows the company's financial position at the yearend in both net assets and cash terms. Details of amounts owed by its parent company are shown in note 14.

Principal risks and uncertainties

Although Government trading restrictions on the hospitality industry have now been lifted, the financial hangover caused by Covid 19 is still having an impact on the industry, this twinned with the uncertain economic outlook and the challenges that are arising as a result of Brexit all contribute to fragile consumer confidence, particularly within the meetings market where long term planning is a requirement. The company is mitigating this risk by working closely with existing customers and taking market share, providing meetings and events which fulfil individual customer requirements. The company continues to provide accommodation and catering to sports teams and groups who are attracted to the Loughborough University's world class sports facilities.

The company manages the continuing risk of competition within the conference market by closely monitoring customer feedback, actively encouraging customers to communicate regarding their visits and by actively researching competitor activity.

Imago@Loughborough Limited

Strategic Report (continued)

The strength of the team within IMAGO is vital to the success of the company, it is well documented that there are significant recruitment challenges across the hospitality industry as a result of the pandemic, reduction in available labour and notably Brexit. The company has reviewed its operating procedures, recruitment and retention policies and pay scales in order we are best placed to attract and retain the best talent.

The company also recognises that in the current economic climate, the uncertainty surrounding Government policy with regard to public expenditure and the challenges faced by many sporting bodies the future position of our customer base will be under constant review. It is recognised that a strong pipeline of varied business is vital to the continued success of the company.

The company is monitoring food prices and margins closely due to the significant expenditure in this area.

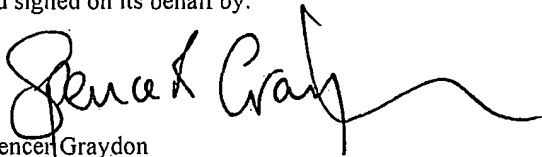
Risks in respect of changing world energy prices are managed by the parent company.

Credit risk is primarily attributable to trade receivables. Policies and procedures exist to ensure that customers have an appropriate credit history. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

Post Balance Sheet Events

There were no post balance sheet events recorded in the year

Approved by the Board of Directors on 16th November 2022
and signed on its behalf by:



Spencer Graydon
Director
Loughborough University,
Loughborough,
Leicestershire
LE11 3TU

Imago@Loughborough Limited

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 July 2022 for Imago@Loughborough Ltd, registered office: Finance Office, Loughborough University, Loughborough, LE11 3TU

Risk management and future developments

Details of risk management and future developments can be found in the strategic report and form part of this report by cross-reference.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, the company will have sufficient funds to meet its liabilities as they fall due for that period.

Environment

Loughborough University recognises the importance of its environmental responsibilities and monitors its impact on the environment and designs and implements policies to reduce the company's impact on the environment. As a subsidiary of Loughborough University, imago@Loughborough Limited operates on similar environmental policies and ensures the safe disposal of waste it recycles and also is committed to energy consumption reductions.

Employees

Details of the number of employees and related costs are to be found in note 7 of the financial statements.

Applications for employment by disabled persons are always considered bearing in mind the aptitudes of the applicant concerned. In the event of a member of staff becoming disabled every effort is made to ensure that their employment with the company continues and the company is committed to training and developing its staff at all levels and on a continuous basis. The company is an experienced member of Investors in People.

Dividends

Payments are made to the parent company by way of Gift Aid. No dividends were proposed in the current year (2021: Nil).

Imago@Loughborough Limited

Directors' report (Continued)

DIRECTORS

The directors of the company during the year and subsequently, were:

Mr R S Taylor
Mr L J McCarthy
Mrs J Tabor
Mr S Graydon
Mrs M Jennings
Mr O Sidwell
Mrs A Owen (appointed on 14th July 2022)

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

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and determined on a prudent basis;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Approved by the Board of Directors on 16th November 2022
and signed on behalf of the Board


Spencer Graydon
Director
Loughborough University,
Loughborough,
Leicestershire,
LE11 3TU

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMAGO @ LOUGHBOROUGH LIMITED

Opinion

We have audited the financial statements of Imago @ Loughborough Ltd ("the company") for the year ended 31 July 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and the group audit committee, as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular

the risk that underlying revenue transactions do not exist and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those containing a cash impact posted to unusual accounts and those containing a revenue impact posted to unusual account.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards).

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: compliance with Employment and Social Security legislation, PCI Compliance and Health and Safety Legislation due to the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

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

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

Strategic report and Directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

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.



Mark Dawson

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill

Snow Hill Queensway

Birmingham

B4 6GH

24 November 2022

Imago@Loughborough Limited

Statement of Comprehensive Income **Year ended 31 July 2022**

	Note	2022 £	2021 £
Turnover	3	10,907,941	4,218,188
Cost of sales		(2,307,948)	(934,881)
Gross profit		8,599,993	3,283,307
Other Income	4	3,933,888	758,355
Administrative expenses		(8,007,601)	(6,846,515)
Operating profit/(loss)		4,526,280	(2,804,853)
Interest receivable	5	-	-
Profit/(Loss) before taxation	6	4,526,280	(2,804,853)
Profit/(Loss) before taxation		4,526,280	(2,804,853)
Taxation on profit/(loss)	10	(141,870)	410,959
Profit(loss) on ordinary activities after taxation		4,384,410	(2,393,894)
Total comprehensive income attributable to equity shareholders of the company		4,384,410	(2,393,894)

All activities derived from continuing operations. The accompanying notes form part of these financial statements.

Imago@Loughborough Limited

Balance sheet at 31 July 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	11	15,660	10,083
Tangible assets	12	2,760,804	7,868,720
		<u>2,776,464</u>	<u>7,878,803</u>
Current assets			
Stocks	13	52,610	30,125
Debtors	14	3,645,329	1,420,234
Cash at bank and in hand		4,595,121	2,396,058
		<u>8,293,060</u>	<u>3,846,417</u>
Creditors: amounts falling due within one year	15	<u>(2,721,454)</u>	<u>(7,765,142)</u>
Net current assets (liabilities)		<u>5,571,606</u>	<u>(3,918,725)</u>
Total assets less current liabilities		<u>8,348,070</u>	<u>3,960,078</u>
Provision for liabilities	16	<u>(302,063)</u>	<u>(298,481)</u>
Net assets		<u>8,046,007</u>	<u>3,661,597</u>
Capital and reserves			
Called up share capital	17	6,000,000	6,000,000
Profit and loss account		2,046,007	(2,338,403)
Shareholders' funds		<u>8,046,007</u>	<u>3,661,597</u>

The accompanying notes form part of these financial statements.

The financial statements of Imago@Loughborough Limited (Company Registration Number: 02355400) were approved by the Board of Directors and authorised for issue on 16 November 2022

Signed on behalf of the Board


Spencer Graydon
Director

Imago@Loughborough Limited

Statement of changes in equity For the year ended 31 July 2022

	Called-up share capital £	Profit and loss account £	Total £
At 31 July 2020	6,000,000	55,491	6,055,491
Comprehensive income			
Profit (Loss) for the financial year		(2,393,894)	(2,393,894)
Gift aid distribution to parent charity		-	-
Total comprehensive expense		(2,393,894)	(2,393,894)
At 31 July 2021	6,000,000	(2,338,403)	3,661,597
Comprehensive expense			
Profit (Loss) for the financial year		4,384,410	4,384,410
Gift aid distribution to parent charity		-	-
Total comprehensive income		4,384,410	4,384,410
At 31 July 2022	<u>6,000,000</u>	<u>2,046,007</u>	<u>8,046,007</u>

The accompanying notes form part of these financial statements.

Imago@Loughborough Limited

Notes to the financial statements For the year ended 31 July 2022

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

Imago@Loughborough Limited is a company limited by shares, incorporated in the United Kingdom and registered in England and Wales under the Companies Act 2006. The address of the registered office is Finance Office, Loughborough University, Loughborough, Leicestershire, LE11 3TU. The nature of the group's operations and its principal activities are set out in the strategic report on page 1.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

Imago@Loughborough Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Imago @ Loughborough Limited is consolidated into the financial statements of its parent, Loughborough University, which may be obtained at from the address in note 21. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Going Concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, the company will have sufficient funds to continue to meet its liabilities as they fall due.

Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Imago@Loughborough Limited

Notes to the financial statements (continued) For the year ended 31 July 2022

1 Accounting policies (continued)

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle an obligation; and the amount of the obligation can be estimated reliably.

Intangible fixed assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

- Software development costs 5 years

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

- Motor vehicles 33% of cost
- Computer equipment 20% of cost
- Other equipment and fittings 10% - 20% of cost
- Improvements to short leasehold premises straight line over period of lease
- Plant 20% reducing balance

Assets in the course of construction are not depreciated until they are completed.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Operating leases

Rental costs under operating leases are charged to profit and loss account in equal annual amounts over the periods of the leases.

Pension and other post-retirement benefits

The company operates a defined contribution scheme for its employees. For which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Differences between contributions payable in the year and contributions actually paid are shown either as accruals or prepayments in the balance sheet.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Imago@Loughborough Limited

Notes to the financial statements (continued) For the year ended 31 July 2022

1 Accounting policies (continued)

Financial Instruments

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs).

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

Government Grants

Governments grants are recognised using the performance model.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are estimations that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Recognition of deferred tax liability

Deferred tax liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities reflect an estimate of the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Estimation of useful life of Fixed Assets

The charge in respect of depreciation and amortisation is derived after determining an estimate of an asset's expected life. The useful lives of the company's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience and similar assets as well as anticipation of future events which may impact their life such as changes in technology.

Imago@Loughborough Limited

Notes to the financial statements (continued)

For the year ended 31 July 2022

Impairment of Debtors

The company makes an estimate of the recoverable value of trade debtors and other debtors. When assessing trade and other debtors, management considers factors including the current credit rating of the debtor, the aging profile of debtors and historical experience.

3. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, which fall within the company's ordinary activities net of discounts allowed by the company and value added taxes. The turnover and pre-tax loss, all of which arises in the United Kingdom, is attributable to two activities: the management of the company's hotels and conference facilities, turnover of £9,983,023 (2021: £3,921,597) and the promotion of other Loughborough University conference facilities and hospitality, turnover of £928,908 (2021: £296,592).

Hotel and event income is recognised on the last night of the stay. A manual adjustment is then entered at each period end to accrue for the income earned before period end. Income from bars and restaurants is recognised on the day the cash takings are recorded.

4. Other income

A government grant, the Job Retention Scheme, of £3,990 (2021: £758,355) has been recognised as other income. Profit on the sale of assets of £3,929,898 has also been recognised as other income, this predominantly relates to the Burleigh Court building asset sold to Loughborough University.

5. Investment income

	2022 £	2021 £
Interest receivable	-	-

6. Profit on ordinary activities before gift aid and taxation

Profit on ordinary activities before gift aid and taxation is stated after charging:

	2022 £	2021 £
Operating profit is stated after charging:		
Depreciation of owned assets	674,363	700,512
Amortisation of intangible assets	7,773	11,628
Fees payable to the company's auditor for the audit of the company's annual financial statements. (There were no non audit fees paid during the year)	12,000	8,400
Operating lease payments		
- land and buildings	745,000	745,000
- equipment and fittings	23,084	10,710
Profit (loss) on disposal of fixed assets	3,929,898	137,651

Imago@Loughborough Limited

Notes to the financial statements (continued) For the year ended 31 July 2022

7. Staff numbers and costs

The average monthly number of employees (excluding casual staff and directors) was:

Average number of persons employed	2022	2021
Management	4	4
Administration	17	19
Production	107	116
	<u>128</u>	<u>139</u>
Staff costs during the year (including directors and casual staff)	£	£
Wages and salaries	3,380,832	2,741,309
Social security costs	239,400	200,494
Pension costs (note 19)	150,343	143,129
	<u>3,770,575</u>	<u>3,084,932</u>

8. Directors' remuneration

	2022	2021
	£	£
Directors' remuneration		
Emoluments	112,200	102,807
Payments made to defined contribution pension scheme	11,220	10,014
	<u>123,420</u>	<u>112,821</u>

One director received remuneration from the company (2021: Two, due to replacement of the chief executive role during the year). Two other executive directors are remunerated from Loughborough University, as it is not practical to split out the remuneration between entities. The director's services to the company do not equate to a significant amount of time.

One director is a member of the defined contribution pension scheme during the year (2021: Two).

9. Gift aid donation

	2022	2021
	£	£
Donation in the year	-	-
	<u>-</u>	<u>-</u>
Total gift aid	<u>-</u>	<u>-</u>

Imago@Loughborough Limited

Notes to the financial statements (continued) For the year ended 31 July 2022

10. Taxation on (loss)/profit on ordinary activities

	2022	2021
	£	£
Deferred tax		
Timing differences (reversal) (note 17)	3,582	(27,681)
Current Tax		
Corporation tax	138,288	(383,278)
Tax (credit) on loss on ordinary activities	<u>141,870</u>	<u>(410,959)</u>

The actual tax (credit)/charge for the current year and the previous year differs from the standard rate for the reasons set out in the following reconciliation:

	2022	2021
	£	£
Profit (loss) before taxation	4,526,280	(2,804,853)
Tax on profit/(loss) at 19% (2021: 19%)	859,993	(532,922)
Expenses not deductible for tax purposes	454	307
Capital allowances less than depreciation	24,522	123,183
(Profit)/loss on disposal of fixed assets	(746,681)	26,154
Timing (Reversal) differences	3,582	(27,681)
Total tax (credit)	<u>141,870</u>	<u>(410,959)</u>

Factors affecting the tax credit

The standard rate of tax applied to the reported profit is 19%.

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Notes to the financial statements (continued) For the year ended 31 July 2022

11. Intangible assets

	Software £	Total £
Cost		
At 1 August 2021	58,073	58,073
Additions		
Software Work in Progress	13,350	13,350
At 31 July 2022	<u>71,423</u>	<u>71,423</u>
Amortisation		
At 1 August 2021	(47,990)	(47,990)
Charge for the year	(7,773)	(7,773)
At 31 July 2022	<u>(55,763)</u>	<u>(55,763)</u>
Net book value		
At 31 July 2021	<u>10,083</u>	<u>10,083</u>
At 31 July 2022	<u>15,660</u>	<u>15,660</u>

Imago@Loughborough Limited

Notes to the financial statements (continued) **For the year ended 31 July 2022**

12. Tangible assets

	Plant £	Improvements to short leasehold premises £	Motor vehicles £	Computer equipment £	Other equipment and fittings £	Total £
Cost						
At 1 August 2021	838,567	7,359,183	16,421	98,777	6,469,893	14,782,841
Additions	-	-	-	21,120	215,429	236,549
Disposals	(838,567)	(6,810,000)	(5,826)	-	(26,369)	(7,680,762)
At 31 July 2022		549,183	10,595	119,897	6,658,953	7,338,628
Accumulated depreciation						
At 1 August 2021	808,596	2,789,236	6,121	98,777	3,211,391	6,914,121
Charge for the year	5,994	146,320	3,540	4,190	514,319	674,363
Transfers		(250,007)			250,007	
Disposals	(814,590)	(2,176,821)	(5,826)	-	(13,424)	(3,010,661)
At 31 July 2022	-	508,728	3,835	102,967	3,962,293	4,577,823
Net book value						
At 31 July 2021	29,971	4,569,947	10,300	-	3,258,502	7,868,720
At 31 July 2022	-	40,455	6,760	16,930	2,696,660	2,760,805

13. Stock

	2022 £	2021 £
Raw material	29,717	17,674
Goods for resale	22,893	12,451
	52,610	30,125

There is no material difference between the balance sheet value of stock and their replacement cost.

Imago@Loughborough Limited

Notes to the financial statements (continued) **For the year ended 31 July 2022**

14. Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	780,045	488,933
Amounts owed by parent undertaking	2,206,934	122,388
Amounts owed by subsidiary company	10,656	11,795
Other taxation and social security	-	-
Corporation Tax	405,978	544,266
Other debtors	100,085	131,285
Prepayments and accrued income	141,631	121,567
	<u>3,645,329</u>	<u>1,420,234</u>

Amounts owed by parent undertaking for goods and services are due within 14 days of invoice date.

15. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	745,889	581,062
Amounts owed to parent undertaking	847,362	6,860,231
Amounts due to subsidiaries	-	-
Other taxation and social security	528,076	60,909
Other creditors	22,368	1,983
Accruals and deferred income	577,759	260,957
	<u>2,721,454</u>	<u>7,765,142</u>

16. Provision for liabilities

	Deferred taxation £	2021 £
At 1 August 2021	298,481	326,162
Credited to profit and loss account	3,582	(27,681)
At 31 July 2022	<u>302,063</u>	<u>298,481</u>

Imago@Loughborough Limited

Notes to the financial statements (continued) For the year ended 31 July 2022

Deferred tax

Deferred tax is provided as follows:

	2022 £	2021 £
Accelerated capital allowances	302,063	298,481
Provision for deferred tax	302,063	298,481

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority.

17. Called up share capital and reserves

	2022 £	2021 £
Allotted and fully paid		
6,000,000 ordinary shares of £1 each	6,000,000	6,000,000
	6,000,000	6,000,000

The Company has one class of ordinary shares which carry no right to fixed income. The Company's only other reserve is the profit and loss reserve which represents cumulative profits or losses, net of dividends paid and other adjustments.

18. Financial commitments

(a) Operating lease commitments

The operating leases for Land and Buildings relate to the use of Burleigh Court and The Link Hotel owned by Loughborough University. The company also has operating leases in place for company cars and coffee machines.

At 31 July 2022, the company had total minimum lease payments due under non-cancellable operating leases as follows:

	Land and Buildings 2022 £	Other 2022 £	Land and Buildings 2021 £	Other 2021 £
Leases which expire:				
within one year	930,000	62,756	745,000	10,710
between one and five years	4,650,000	100,478	3,725,000	5,089
after five years	20,393,333	-	16,066,250	-
	25,973,333	163,234	20,536,250	15,799

Imago@Loughborough Limited

Notes to the financial statements (continued) For the year ended 31 July 2022

(b) Capital commitments

The company had £31,893 of capital commitments authorised and contracted as at July 2022 (2021: £20,479).

19. Pension schemes

The company contributes to a defined contribution pension scheme on behalf of certain employees. Contributions payable by the company to this scheme amounted to £150,343 (2020: £143,129).

20. Related party transactions

The company has taken advantage of the exemptions conferred by FRS 102 Section 33 not to disclose transactions with other wholly owned group companies, being a 100% owned subsidiary of Loughborough University.

The amounts shown in the table below all include VAT.

	Income £	Balance due to the company at 31 July 2022 £	Expenditure £	Balance due from the company at 31 July 2022 £
Paje Consultancy	-	-	4,020	
Loughborough Student Union	27,799	8,458	-	
Conference Centre of Excellence Ltd	-	-	50,302	19,147
Leicestershire County Council	12,898	1,431		-

21. Controlling party

The company is a wholly owned subsidiary of Loughborough University, which is regarded as the ultimate parent organisation and controlling party. The group of which Loughborough University is the parent organisation forms both the largest and smallest group preparing consolidated financial statements which include Imago@Loughborough Limited.

Copies of the consolidated financial statements can be obtained from Loughborough University, Loughborough, Leicestershire, LE11 3TU.