

Company Registration No. 03319826

**Annual Report for the year ended 31
December 2017**

**Rubens Management
Services Limited**

THURSDAY



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06/09/2018
COMPANIES HOUSE

COMPANY INFORMATION

Directors

J J Raggett
V O'Hana

Company Secretary

S Royce

Company registration number

03319826

Registered office

35 Charles Street
London
W1J 5EB

Auditor

Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD

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STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2017

The Directors present their Strategic Report for the company for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

There has been a decrease in revenue of 21% to £8,435,991 from £10,653,310 in the year (2016: increase by 0.8% on prior year) due to the hotel being closed for part of the year for refurbishment. EBITDA showed a decrease of £2,560,232 in the year to a loss of £2,871,400 (2016: loss of £311,168) which is due to a decrease in revenue as the hotel was closed for refurbishment during the year.

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 £15,855,279 (2016: £11,533,650) and is reliant on the support of its ultimate parent company.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £4,321,629 (2016: £1,036,505). The directors do not recommend the payment of a dividend (2016: £nil).

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

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


STRATEGIC REPORT (continued)

YEAR ENDED 31 DECEMBER 2017

PRINCIPAL RISKS AND UNCERTAINTIES (Continued)

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

Signed on behalf of the board of Directors on


J J Raggett
Director

Date: 9/8/2018

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

The Directors present their report and the audited financial statements of the company for the year ended 31 December 2017.

MATTERS COVERED IN THE STRATEGIC REPORT

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

FINANCIAL INSTRUMENTS

Details of the company's financial risk management objectives and policies are included in note 15 to the accounts.

DIRECTORS

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

J J Raggett
V O'Hana

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

GOING CONCERN

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

POLITICAL DONATIONS

The company made no political donations during the financial year (2016: £nil).

EVENTS AFTER THE REPORTING DATE

There have been no significant events affecting the company since the year end.

DIRECTORS' REPORT (continued)

YEAR ENDED 31 DECEMBER 2017

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



J J Raggett

Director

Date: 9th August 2018

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

YEAR ENDED 31 DECEMBER 2017

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

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

RUBENS MANAGEMENT SERVICES LIMITED**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
RUBENS MANAGEMENT SERVICES LIMITED
YEAR ENDED 31 DECEMBER 2017**

Opinion

We have audited the financial statements of Rubens Management Services Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

RUBENS MANAGEMENT SERVICES LIMITED**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
RUBENS MANAGEMENT SERVICES LIMITED (continued)
YEAR ENDED 31 DECEMBER 2017**

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

RUBENS MANAGEMENT SERVICES LIMITED**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
RUBENS MANAGEMENT SERVICES LIMITED (continued)
YEAR ENDED 31 DECEMBER 2017**

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit report

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



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

Date: 9 August 2018

STATEMENT OF COMPREHENSIVE INCOME**FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Revenue	2	8,435,991	10,653,310
Cost of sales		(9,551,218)	(8,636,446)
Gross (loss)/profit		(1,115,227)	2,016,864
Administrative expenses		(3,313,450)	(3,163,930)
Loss from operations	3	(4,428,677)	(1,147,066)
Finance costs	5	(165,109)	(85,037)
Loss before taxation		(4,593,786)	(1,232,103)
Taxation credit	6	272,157	195,598
Loss for the year		(4,321,629)	(1,036,505)
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(4,321,629)</u>	<u>(1,036,505)</u>

The notes on pages 13 to 27 form part of these financial statements.

All results relate to continuing operations.

STATEMENT OF FINANCIAL POSITION**AS AT 31 DECEMBER 2017**

		2017	2016
	Note	£	£
Non-current assets			
Property, plant and equipment	7	10,948,662	4,768,072
Current assets			
Inventories	8	408,894	215,177
Trade and other receivables	9	711,386	827,314
Amounts owed by related parties	10	18,818,454	20,530,324
Cash and cash equivalents	11	44,740	121,790
		<u>19,983,474</u>	<u>21,694,605</u>
Total assets		<u><u>30,932,136</u></u>	<u><u>26,462,677</u></u>
Non-current liabilities			
Amounts due to related parties	12	<u>19,202,448</u>	<u>11,037,339</u>
Current liabilities			
Trade and other payables	13	943,734	881,836
Amounts due to related parties	12	<u>26,641,233</u>	<u>26,077,152</u>
		<u>27,584,967</u>	<u>26,958,988</u>
Total liabilities		<u><u>46,787,415</u></u>	<u><u>37,996,327</u></u>
Equity			
Share capital	18	500,000	500,000
Retained earnings		<u>(16,355,279)</u>	<u>(12,033,650)</u>
Total equity		<u><u>(15,855,279)</u></u>	<u><u>(11,533,650)</u></u>
Total liabilities and equity		<u><u>30,932,136</u></u>	<u><u>26,462,677</u></u>

The notes on pages 13 to 27 form part of these financial statements.

These financial statements were approved by the board of directors and signed on their behalf by:


J J Raggett

Director

Date:

9th August 2018

STATEMENT OF CHANGES IN EQUITY**FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	Share capital £	Retained earnings £	Total £
At 1 January 2016		500,000	(10,997,145)	(10,497,145)
Total comprehensive income for the year		-	(1,036,505)	(1,036,505)
At 1 January 2017		<hr/> 500,000	<hr/> (12,033,650)	<hr/> (11,533,650)
Total comprehensive income for the year		-	(4,321,629)	(4,321,629)
At 31 December 2017	18	<hr/> <hr/> 500,000	<hr/> <hr/> (16,355,279)	<hr/> <hr/> (15,855,279)

The notes on pages 13 to 27 form part of these financial statements.

STATEMENT OF CASH FLOWS**FOR THE YEAR ENDED 31 DECEMBER 2017**

		2017 £	2016 £
Cash flows from operating activities	Note		
Loss after taxation		(4,321,629)	(1,036,505)
<i>Adjustments for:</i>			
Depreciation	7	1,557,277	835,911
Finance costs	5	165,109	85,037
Taxation	6	(272,157)	(195,598)
Cash flows used in operations before changes in working capital		(2,871,400)	(311,155)
Increase in inventories		(193,717)	(121,622)
Decrease in trade and other receivables		192,487	17,781
Increase in trade and other payables		61,898	228,802
Cash generated from operations		(2,810,732)	(186,194)
Interest paid	5	(165,109)	(85,037)
Tax received	6	195,598	221,014
Net cash used in operating activities		(2,780,243)	(50,217)
Cash flows used in investing activities			
Purchase of property, plant and equipment	7	(7,776,390)	(2,294,704)
Proceeds on disposal of property, plant and equipment		38,523	-
Net cash used in investing activities		(7,737,867)	(2,294,704)
Cash flows generated from financing activities			
Increase in amounts due to related parties		8,729,190	711,507
Decrease in amounts due from relates parties		1,711,870	1,653,284
Net cash generated from financing activities		10,441,060	2,364,791
Net (decrease)/increase in cash and cash equivalents		(77,050)	19,870
Cash and cash equivalents at 1 January		121,790	101,920
Cash and cash equivalents at 31 December	11	44,740	121,790

The notes on pages 13 to 27 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES

General information

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

Basis of preparation

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

Going concern

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

As shown in the accompanying financial statements, the company's total liabilities exceed its total assets by £15,855,279 at 31 December 2017. 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 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

Inventories

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES (continued)

Operating lease - lessee

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

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.

Current tax

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

Deferred tax

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES (continued)

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, related party 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 de-recognition if the company transfers substantially all the risks and rewards of ownership of the asset.

Financial liabilities

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS**YEAR ENDED 31 DECEMBER 2017**

1. ACCOUNTING POLICIES (continued)**Financial instruments (continued)*****Classification as equity or financial liability (continued)***

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

Standards, amendments and interpretations adopted in the current financial year ended 31 December 2017

None of the new standards, interpretations and amendments effective for the first time from 1 January 2017, have had a material effect on the financial statements.

	EU effective date – periods beginning on or after*	Non-EU effective date – periods beginning on or after
Amendment to IAS 7 <i>Statement of Cash Flows</i> : Disclosure initiative	1 January 2017	1 January 2017
Amendment to IAS 12 <i>Income Taxes</i> : Recognition of deferred tax assets for unrealised losses	1 January 2017	1 January 2017
Annual Improvements to IFRSs (2014 - 2016): Clarification of the scope of IFRS 12 <i>Disclosure of Interests in Other Entities</i>	Q4 2017	1 January 2017

NOTES TO THE FINANCIAL STATEMENTS**YEAR ENDED 31 DECEMBER 2017**

1. ACCOUNTING POLICIES (continued)**Standards, amendments and interpretations in issue but not yet effective**

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

	EU effective date – periods beginning on or after	Non-EU effective date – periods beginning on or after
Amendments to IAS 28 <i>Investments in Associates and Joint Ventures</i> : Long-term interests in Associates and Joint Ventures	Expected to be endorsed 2018	1 January 2019
Amendment to IAS 40 <i>Investment Property</i> : Transfers of investment property	Expected to be endorsed Q1 2018	1 January 2018
Amendment to IFRS 2 <i>Share-based Payment</i> : Classification and measurement of share-based payment transactions	Expected to be endorsed Q1 2018	1 January 2018
IFRS 9 <i>Financial Instruments</i>	1 January 2018	1 January 2018
Amendments to IFRS 9 <i>Financial Instruments</i> : Prepayment features with negative compensation	Expected to be endorsed 2018	1 January 2019
IFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018	1 January 2018
IFRS 16 <i>Leases</i>	1 January 2019	1 January 2019
Annual Improvements to IFRSs (2014 - 2016)	1 January 2018	1 January 2018
Annual Improvements to IFRSs (2015 - 2017)	Expected to be endorsed 2018	1 January 2019
IFRIC 22 <i>Foreign Currency Transactions and Advance Consideration</i>	Expected to be endorsed Q1 2018	1 January 2018
IFRIC 23 <i>Uncertainty over Income Tax Treatments</i>	Expected to be endorsed 2018	1 January 2019

Management have carried out a detailed review of the potential impacts to the Group of IFRS 15 and IFRS 16 and their findings are as follows:

Impact of IFRS 15 Revenue from Contracts with Customers

The Group has assessed the potential impact of IFRS 15 and concluded that there is no material impact on the financial statements of the Group in the period of their initial adoption.

NOTES TO THE FINANCIAL STATEMENTS**YEAR ENDED 31 DECEMBER 2017**

1. ACCOUNTING POLICIES (continued)**Impact of IFRS 16 Leases**

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

Critical accounting judgements and sources of estimate uncertainty

The company's significant accounting policies are outlined in note 1 to the financial statements. None of the significant accounting policies require the Directors to make difficult, subjective or complex judgements or estimates.

2. REVENUE

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

	2017	2016
	£	£
United Kingdom	8,435,991	10,653,310

3. LOSS FROM OPERATIONS

Operating loss for the year is stated after charging:	2017	2016
	£	£
Depreciation of property, plant and equipment	1,557,277	835,911
Auditor's remuneration - as auditor	12,130	12,130
- taxation services	925	925
Operating lease costs:		
Land and buildings	1,389,426	1,383,627

4. STAFF NUMBERS AND COSTS

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

	2017	2016
	Number	Number
Management staff	12	13
Other staff – service	138	134
	150	147

NOTES TO THE FINANCIAL STATEMENTS**YEAR ENDED 31 DECEMBER 2017****4. STAFF NUMBERS AND COSTS (CONTINUED)**

The aggregate payroll costs of the above were:	2017	2016
Wages and salaries	3,235,137	2,974,049
Social security costs	265,242	235,299
Other pension costs (note 14)	22,999	21,731
	<u>3,523,378</u>	<u>3,231,079</u>

No salaries or wages have been paid to the directors in the current or prior year and no contributions were made to a pension on behalf of a director (2016: £nil).

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

5. FINANCE COSTS	2017	2016
	£	£
Interest payable on loans from related parties (note 17)	<u>165,109</u>	<u>85,037</u>

6. TAXATION

(a) Analysis of credit in the year	2017	2016
	£	£
Current tax:		
Adjustment in respect of prior years	<u>272,157</u>	<u>195,598</u>
Total tax credit	<u>272,157</u>	<u>195,598</u>

(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 19.25% (2016: 20%).

	2017	2016
	£	£
Loss before taxation	<u>(4,593,786)</u>	<u>(1,232,103)</u>
Loss at effective rate of 19.25% (2016: 20%)	(884,146)	(246,421)
Expenses not deductible for tax purposes	6,544	5,598
Depreciation in excess of capital allowances claimed	40,278	42,492
Adjustment in respect of prior years	(272,157)	(195,598)
Adjustment to deferred tax	97,738	54,643
Deferred tax not recognised	739,586	(143,687)
Utilisation of tax losses	-	287,375
Total current tax credit (note 6(a))	<u>(272,157)</u>	<u>(195,598)</u>

NOTES TO THE FINANCIAL STATEMENTS**YEAR ENDED 31 DECEMBER 2017****6. TAXATION (CONTINUED)****(c) Factors that may affect future tax charges**

No provision has been made for the deferred tax asset of £1,100,023 calculated at 17% (2016: £1,245,676 calculated at 17%) arising from depreciation of equipment, fixtures and fittings in excess of taxation allowances available and available losses 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 and losses 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.

7. PROPERTY, PLANT AND EQUIPMENT

	Fixtures & fittings £	Equipment £	Total £
Cost			
At 1 January 2016	8,115,815	62,728	8,178,543
Additions	2,291,966	2,738	2,294,704
Disposals	(1,013,939)	-	(1,013,939)
At 31 December 2016	9,393,842	65,466	9,459,308
Additions	7,752,725	23,665	7,776,390
Disposals	(1,887,586)	(1,166)	(1,888,752)
At 31 December 2017	15,258,981	87,965	15,346,946
Depreciation			
At 1 January 2016	4,850,737	18,527	4,869,264
Charge for the year	823,125	12,786	835,911
Eliminated on disposal	(1,013,939)	-	(1,013,939)
At 31 December 2016	4,659,923	31,313	4,691,236
Charge for the year	1,540,483	16,794	1,557,277
Eliminated on disposal	(1,849,064)	(1,165)	(1,850,229)
At 31 December 2017	4,351,342	46,942	4,398,284
Net book value			
At 31 December 2016	4,733,919	34,153	4,768,072
At 31 December 2017	10,907,639	41,023	10,948,662

NOTES TO THE FINANCIAL STATEMENTS**YEAR ENDED 31 DECEMBER 2017**

8. INVENTORIES	2017	2016
	£	£
Goods for resale	102,787	77,886
Other operating supplies	306,107	137,291
	<hr/>	<hr/>
	408,894	215,177
	<hr/>	<hr/>

9. TRADE AND OTHER RECEIVABLES	2017	2016
	£	£
Trade receivables	399,739	444,855
Other receivables	40,466	40,466
Prepayments and accrued income	271,181	341,993
	<hr/>	<hr/>
	711,386	827,314
	<hr/>	<hr/>

The ageing analysis of trade receivables is as follows:

	2017	2016
	£	£
Neither past due nor impaired	335,558	387,130
Between 31 and 60 days	57,906	49,007
Between 61 and 90 days	5,250	6,605
Between 91 and 120 days	1,025	2,113
Over 121 days	-	-
	<hr/>	<hr/>
	399,739	444,855
	<hr/>	<hr/>

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

NOTES TO THE FINANCIAL STATEMENTS**YEAR ENDED 31 DECEMBER 2017**

10. AMOUNTS DUE FROM RELATED PARTIES	2017	2016
	£	£
Due in less than one year		
41 Buckingham Palace Road Ltd	8,422,419	8,422,419
Red Carnation Hotels (UK) Ltd	9,989,790	11,701,659
Mountbatten Ltd	309,947	309,947
Milestone H.M.S Ltd	96,298	96,299
	<u>18,818,454</u>	<u>20,530,324</u>
Amounts owed by related parties (note 17)	<u>18,818,454</u>	<u>20,530,324</u>

11. CASH AND CASH EQUIVALENTS	2017	2016
	£	£
Cash at bank	<u>44,740</u>	<u>121,790</u>

12. AMOUNTS DUE TO RELATED PARTIES	2017	2016
	£	£
Due in less than one year		
Chesterfield (Mayfair) Limited	470,858	470,858
Rubens Travcorp Limited	26,132,757	25,568,676
Montague Management Services Limited	5,583	5,583
Travcorp Management Services	32,035	32,035
	<u>26,641,233</u>	<u>26,077,152</u>

The amounts due are interest free, unsecured and payable on demand.

	2017	2016
	£	£
Due in greater than one year		
The Travel Corporation Limited	-	11,037,339
Travcorp Financial Services Limited	<u>19,202,448</u>	<u>-</u>

On 1 January 2017 the loan was transferred to Travcorp Financial Services Limited. The loan bears interest at 2% above the bank base rate (see note 17).

13. TRADE AND OTHER PAYABLES	2017	2016
	£	£
Social security and other taxes	82,765	67,395
Other payables	11,672	89,068
Accruals and deferred income	849,297	725,465
	<u>943,734</u>	<u>881,928</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

14. PENSIONS

The company contributes to a defined contribution scheme. Contributions are charged in the statement of comprehensive income as incurred. The pension cost charge of £22,999 (2016: £21,731) was paid to these funds. There were no outstanding contributions at year end (2016: £nil).

15. 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. The loan with Travcorp Financial Services Limited is not due for repayment until 2027.

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. Travcorp Financial Services 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 receivables and loans do not bear interest and the directors are of the opinion that the carrying value is not materially different from the fair value.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017
15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Contractual Cash Flows	Carrying amount £	Total cash flow £	6 months or less £	6 to 12 months £	1 to 2 years £	2 to 5 years £	More than 5 years £
Loan from group undertaking 2016	11,037,339	12,942,513	-	-	-	-	12,942,513
Loan from group undertaking 2017	19,202,448	18,213,513	-	-	-	-	18,213,513

Interest rate risk

The company is exclusively funded by related party borrowings.

Interest rate sensitivity analysis

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

Foreign exchange risk

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

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.

Term and debt repayment analysis

In respect of interest-bearing financial liabilities, the table below indicates their effective interest rates at the statement of financial position date.

	Nominal rate of interest	Year of maturity	2017		2016	
			Fair Value	Carrying amount	Fair value	Carrying amount
Unsecured loans from group undertakings	2.50%	2027	12,917,104	13,906,039	12,942,513	7,620,695
Interest accruing on the above unsecured loans from group undertakings	0.00%	2027	-	5,296,409	-	3,416,644
			12,917,104	19,202,448	12,942,513	11,037,339

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.

NOTES TO THE FINANCIAL STATEMENTS**YEAR ENDED 31 DECEMBER 2017****16. COMMITMENTS UNDER OPERATING LEASES**

The company has entered into operating leases in respect of property and equipment. The total of future minimum lease payments due are as follows:

	Land and buildings	
	2017	2016
	£	£
Expiry date:		
Not later than one year:	1,300,000	1,300,000
	<u>1,300,000</u>	<u>1,300,000</u>

17. RELATED PARTY TRANSACTIONS

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

		2017	2016
		£	£
Red Carnation (U.K.) Limited	Management charges and recharges	2,272,900	2,234,916
Rubens Travcorp Limited	Rent	1,389,426	1,383,627
The Travel Corporation Limited	Loan interest	-	85,037
Travcorp Financial Services Limited	Loan interest	165,109	-
		<u>19,202,448</u>	<u>11,037,339</u>

Within other receivables (note 9) there is a balance due from Mr and Mrs Tollman, who have interests in the ultimate parent company, amounting to £40,466 (2016: £40,466). There has been no movement on the balance in the year. The balance does not accrue interest.

Amounts owing to related parties, which are unsecured and payable after more than one year:

	2017	2016
	£	£
The Travel Corporation Limited	-	11,037,339
Travcorp Financial Services Limited	19,202,448	-
	<u>19,202,448</u>	<u>11,037,339</u>

On 1 January 2017 the loan was transferred to Travcorp Financial Services Limited. The loan bears interest at 2% above the bank base rate (see note 12).

NOTES TO THE FINANCIAL STATEMENTS**YEAR ENDED 31 DECEMBER 2017**

17. RELATED PARTY TRANSACTIONS (continued)

The company had balances outstanding on interest free loans which are unsecured and repayable on demand from the following related parties:

	2017	2016
	£	£
Chesterfield (Mayfair) Limited	470,858	470,858
Montague Management Services Limited	5,583	5,583
Rubens Travcorp Limited	26,132,757	25,568,676
Travcorp Management Services Limited	32,035	32,035
	<u>26,641,233</u>	<u>26,077,152</u>

Details of the company's immediate parent and of the ultimate controlling party are included at note 21.

Amounts owing by related parties, which are interest free, unsecured and recoverable on demand:

	2017	2016
	£	£
Milestone Hotel Management Services Limited	96,298	96,299
41 Buckingham Palace Road Limited	8,422,419	8,422,419
Red Carnation Hotels (U.K.) Limited	9,989,790	11,701,659
Mountbatten Limited	309,947	309,947
	<u>18,818,454</u>	<u>20,530,324</u>

NOTES TO THE FINANCIAL STATEMENTS**YEAR ENDED 31 DECEMBER 2017**

18. SHARE CAPITAL

	2017 Number	2016 £	2016 Number	2016 £
Allotted, called up and fully paid				
Ordinary shares of £1 each	500,000	500,000	500,000	500,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Equity shares				
Ordinary shares of £1 each	500,000	500,000	500,000	500,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

19. EVENTS AFTER THE REPORTING DATE

There have been no significant events affecting the company since the year end.

20. 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 the 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 smallest group in which they are consolidated is that headed by Chesterfield (Mayfair) Limited, its immediate parent company, a company registered in England and Wales. Copies of the consolidated financial statements of Chesterfield (Mayfair) Limited are available to the public from the Registrar of Companies.

Copies of the consolidated financial statements of Chesterfield (Mayfair) Limited are available to the public from the Registrar of Companies.