

**Company Registration No. 03319826**

**Annual Report for the year ended 31  
December 2021**

# **Rubens Management Services Limited**

**SATURDAY**



**\*AB8UMY1T\***

**A09**

**23/07/2022**

**#213**

**COMPANIES HOUSE**

**COMPANY INFORMATION**

---

**Directors**

J J Raggett  
V O'Hana

**Company Secretary**

S Royce

**Company registration number**

03319826

**Registered office**

14 Grosvenor Place  
London  
SW1X 7HH

**Auditor**

Mazars LLP  
Chartered Accountants & Statutory Auditor  
30 Old Bailey  
London  
EC4M 7AU

---

**CONTENTS PAGE**

---

<b>Strategic report</b>	<b>1-2</b>
<b>Directors' Report</b>	<b>3-4</b>
<b>Statement of Directors' responsibilities</b>	<b>5</b>
<b>Independent auditor's report</b>	<b>6-9</b>
<b>Statement of comprehensive income</b>	<b>10</b>
<b>Statement of financial position</b>	<b>11-12</b>
<b>Statement of changes in equity</b>	<b>13</b>
<b>Statement of cash flows</b>	<b>14</b>
<b>Notes to the financial statements</b>	<b>15-32</b>

---

**STRATEGIC REPORT (continued)****YEAR ENDED 31 DECEMBER 2021**

---

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

**PRINCIPAL ACTIVITIES**

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

**BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

There has been an increase in revenue of 98% to £4,730,293 from £2,383,365 in the year (2020: decrease by 83% on prior year), the increase in revenue in the year is due to the hospitality market improving over the course of the year as lock downs and restrictions in relation to Covid-19 relaxed. The EBITDA has increased in the year by £123,618 in the year to a loss of £1,390,110 (2020: loss of £1,513,728).

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

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

Occupancy levels

Average room rates

Revenue per available room

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

The Company is currently in a net liability position with total liabilities exceeding total assets by £27,609,765 (2020: £24,001,483) and is reliant on the support of its ultimate parent company.

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

**RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £3,608,282 (2020: £4,339,286). The Directors do not recommend the payment of a dividend (2020: £nil).

**PRINCIPAL RISKS AND UNCERTAINTIES**

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

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.

**STRATEGIC REPORT (continued)****YEAR ENDED 31 DECEMBER 2021**

---

**PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

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.

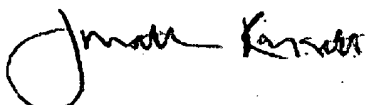
Rubens Management Services Limited mitigates the risk of an economic downturn utilising financial support from The Travel Corporation, its ultimate parent company. This allows them to manage short- and medium-term fluctuations in demand.

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

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

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

Signed on behalf of the board of Directors



**J J Raggett**  
Director

Date: 01.07.2022

**DIRECTORS' REPORT****YEAR ENDED 31 DECEMBER 2021**

---

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

**MATTERS COVERED IN THE STRATEGIC REPORT**

As permitted by paragraph 1A of Schedule 7 to the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 1 and 2. These matters relate to future developments.

**FINANCIAL INSTRUMENTS**

Details of the Company's financial risk management objectives and policies are included in note 18 to the accounts.

**DIRECTORS**

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

J J Raggett  
V O'Hana

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

**GOING CONCERN**

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

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

**POLITICAL DONATIONS**

The Company made no political donations during the financial year (2020: £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 2021**

---

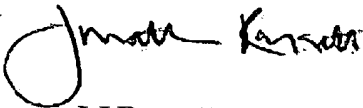
**DISCLOSURE OF INFORMATION TO THE AUDITOR**

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: 01.07.2022

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

**YEAR ENDED 31 DECEMBER 2021**

---

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK adopted international accounting standards. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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



## RUBENS MANAGEMENT SERVICES LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RUBENS MANAGEMENT SERVICES LIMITED YEAR ENDED 31 DECEMBER 2021

---

#### Opinion

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

In our opinion, the financial statements:

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

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

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

#### Other information

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

## RUBENS MANAGEMENT SERVICES LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RUBENS MANAGEMENT SERVICES LIMITED (continued) YEAR ENDED 31 DECEMBER 2021

---

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

We have nothing to report in this regard.

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

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

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

#### Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

#### Responsibilities of Directors

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

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

## RUBENS MANAGEMENT SERVICES LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RUBENS MANAGEMENT SERVICES LIMITED (continued) YEAR ENDED 31 DECEMBER 2021

---

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

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

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

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

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

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

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

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

## RUBENS MANAGEMENT SERVICES LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RUBENS MANAGEMENT SERVICES LIMITED (continued) YEAR ENDED 31 DECEMBER 2021

---

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

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


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

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

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

#### Use of the audit report

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



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

**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
<b>Revenue</b>	<b>2</b>	4,730,293	2,383,365
Cost of sales		(7,151,113)	(5,775,669)
<b>Gross loss</b>		(2,420,820)	(3,392,304)
Administrative expenses		(2,569,648)	(2,632,137)
Other operating income	<b>3</b>	928,121	1,672,546
<b>Loss from operations</b>	<b>4</b>	(4,062,347)	(4,351,895)
Finance costs	<b>6</b>	(358,544)	(388,745)
<b>Loss before taxation</b>		(4,420,891)	(4,740,640)
Taxation credit	<b>7</b>	812,609	401,354
<b>Loss for the year</b>		(3,608,282)	(4,339,286)
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<u>(3,608,282)</u>	<u>(4,339,286)</u>

The notes on pages 15 to 32 form part of these financial statements.

All results relate to continuing operations.

**RUBENS MANAGEMENT SERVICES LIMITED**

Company Registration No. 03319826

**STATEMENT OF FINANCIAL POSITION****FOR THE YEAR ENDED 31 DECEMBER 2021**

		<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Non-current assets</b>			
Property, plant and equipment	<b>8</b>	5,943,916	7,364,731
Right-of-use asset	<b>9</b>	9,986,494	11,236,415
		<u>15,930,410</u>	<u>18,601,146</u>
<b>Current assets</b>			
Inventories	<b>10</b>	416,476	396,158
Trade and other receivables	<b>11</b>	527,727	229,965
Amounts owed by related parties	<b>12</b>	16,143,308	17,630,587
Cash and cash equivalents	<b>13</b>	91,836	2,911
		<u>17,179,347</u>	<u>18,259,621</u>
<b>Total assets</b>		<u><u>33,109,757</u></u>	<u><u>36,860,767</u></u>
<b>Non-current liabilities</b>			
Amounts due to related parties	<b>14</b>	19,955,996	19,794,716
Obligations under leases	<b>16</b>	9,023,977	10,232,879
		<u>28,979,973</u>	<u>30,027,595</u>
<b>Current liabilities</b>			
Trade and other payables	<b>15</b>	1,837,069	1,806,834
Amounts due to related parties	<b>14</b>	28,693,578	27,839,710
Obligations under leases	<b>16</b>	1,208,902	1,188,111
		<u>31,739,549</u>	<u>30,834,655</u>
<b>Total liabilities</b>		<u><u>60,719,522</u></u>	<u><u>60,862,250</u></u>
<b>Equity</b>			
Share capital	<b>20</b>	500,000	500,000
Retained earnings		(28,109,765)	(24,501,483)
<b>Total equity</b>		<u><u>(27,609,765)</u></u>	<u><u>(24,001,483)</u></u>
<b>Total liabilities and equity</b>		<u><u>33,109,757</u></u>	<u><u>36,860,767</u></u>


**STATEMENT OF FINANCIAL POSITION**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

The notes on pages 15 to 32 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: 01.07.2022

**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	Share capital £	Retained earnings £	Total £
At 1 January 2020		500,000	(20,162,197)	(19,662,197)
Total comprehensive loss for the year		-	(4,339,286)	(4,339,286)
At 1 January 2021		500,000	(24,501,483)	(24,001,483)
Total comprehensive loss for the year		-	(3,608,282)	(3,608,282)
At 31 December 2021	20	500,000	(28,109,765)	(27,609,765)

The notes on pages 15 to 32 form part of these financial statements.



**RUBENS MANAGEMENT SERVICES LIMITED**

Company Registration No. 03319826

**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2021**

		<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>			
Loss after taxation		(3,608,282)	(4,339,286)
<i>Adjustments for:</i>			
Depreciation	8	1,422,316	1,588,246
Depreciation on right-of-use-asset	9	1,249,921	1,249,921
Finance costs	6	358,544	388,745
Taxation	7	(812,609)	(401,354)
<b>Cash flows used in operations before changes in working capital</b>		<b>(1,390,110)</b>	<b>(1,513,728)</b>
(Increase)/decrease in inventories	10	(20,318)	45,606
(Increase)/decrease in trade and other receivables	11	(297,762)	1,006,312
Increase in trade and other payables	15	30,235	411,524
<b>Cash used in operations</b>		<b>(1,677,955)</b>	<b>(50,286)</b>
Interest paid	6	(161,280)	(171,046)
Tax received	7	812,609	452,188
<b>Net cash (used in)/generated from operating activities</b>		<b>(1,026,626)</b>	<b>230,856</b>
<b>Cash flows used in investing activities</b>			
Purchase of property, plant and equipment	8	(3,906)	(38,792)
Proceeds on the disposal of property, plant and equipment	8	2,405	-
<b>Net cash used in investing activities</b>		<b>(1,501)</b>	<b>(38,792)</b>
<b>Cash flows generated from financing activities</b>			
Increase/(decrease) in amounts due to related parties	14	1,015,148	(537,553)
Decrease in amounts due from related parties	12	1,487,279	1,659,394
Decrease in lease liability	16	(1,188,111)	(1,167,675)
Interest on lease liability	6	(197,264)	(217,699)
<b>Net cash generated from/(used in) financing activities</b>		<b>1,117,052</b>	<b>(263,533)</b>
Net increase/(decrease) in cash and cash equivalents		88,925	(71,469)
Cash and cash equivalents at 1 January		2,911	74,380
<b>Cash and cash equivalents at 31 December</b>	<b>13</b>	<b>91,836</b>	<b>2,911</b>

The notes on pages 15 to 32 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2021**

---

**1. ACCOUNTING POLICIES**

**General information**

Rubens Management Services Limited is a private Company limited by shares and incorporated and domiciled in England and Wales. The address of the registered office in the United Kingdom is stated on the Company information page and the nature of the Company's operations and principal activities are stated in the Strategic Report.

**Basis of preparation**

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

**Going concern**

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

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

As shown in the accompanying financial statements, the Company's total liabilities exceed its total assets by £27,609,765 at 31 December 2021. The Company's ultimate parent has represented that it will continue to provide ongoing financial support to enable the Company to meet its financial obligations and that the Company will not be required to pay obligations owed to any group entities while its liabilities exceed its assets. The ability of the Company to continue as a going concern is dependent on this ongoing financial support and based on this they continue to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

**Revenue recognition**

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

**Property, plant and equipment**

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

**Depreciation**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2021**

---

**1. ACCOUNTING POLICIES (continued)**

**Depreciation (continued)**

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

**Impairment of fixed assets**

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

**Inventories**

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

**Government grants**

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

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

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

**Pension costs**

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

**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.

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2021**

---

**1. ACCOUNTING POLICIES (continued)**

**Deferred tax**

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

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

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

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

**Financial instruments**

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

**Financial assets**

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

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

Provision for impairment of trade, 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.

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2021**

---

**1. ACCOUNTING POLICIES (continued)**

*Financial liabilities*

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

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

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

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

*Classification as equity or financial liability*

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

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

*Leases*

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability are the fixed lease payments less any incentives receivable.

The lease liability is presented as a separate line on the balance sheet. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right of use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before commencement date, less any lease incentives and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2021**

---

**1. ACCOUNTING POLICIES (continued)**

***Leases (continued)***

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right of use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

**Impact of new international reporting standards, amendments and interpretations**

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

***IFRS 16 COVID-19-Related Rent Concessions Amendment***

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

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

The Company has recognised a credit of £nil (2020: £1,385,874) in profit or loss for the reporting period to reflect changes in lease payments that arise from rent concessions to which they have applied the practical expedient. The Company has recognised a rent deferral of £346,344 (2020: £nil) in which the practical expedient has been applied for in the current year. The rental deferral has been accounted for within the intercompany balance as the company leases the property from a related party.

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

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

**Critical accounting judgements and sources of estimate uncertainty**

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

**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2021**

---

**1. ACCOUNTING POLICIES (continued)****Key sources of estimation uncertainty*****Right-of-use assets***

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

**Critical judgements in applying the Company's accounting policies*****Assessing indicators of impairment***

In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

**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:

	2021 £	2020 £
United Kingdom	4,730,293	2,383,365

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

**3. OTHER OPERATING INCOME**

	2021 £	2020 £
CJRS Grant	884,289	1,672,546
Council Lockdown Grant	43,832	-
	928,121	1,672,546

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

**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2021**

---

**4. LOSS FROM OPERATIONS**

Operating loss for the year is stated after charging/(crediting):

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Depreciation of property, plant and equipment	1,422,316	1,588,246
Depreciation of right-of-use assets	1,249,921	1,249,921
Auditor's remuneration - as auditor	12,000	11,780
- taxation services	2,450	2,373
- other services	594	750
	<u>1,422,316</u>	<u>1,588,246</u>

**5. STAFF NUMBERS AND COSTS**

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

	<b>2021</b>	<b>2020</b>
	<b>Number</b>	<b>Number</b>
Management staff	9	13
Other staff – service	94	146
	<u>103</u>	<u>159</u>

The aggregate payroll costs of the above were:

	<b>2021</b>	<b>2020</b>
Wages and salaries	2,596,875	3,138,742
Social security costs	212,090	252,833
Other pension costs (note 17)	51,877	65,232
	<u>2,860,842</u>	<u>3,456,807</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 (2020: £nil).

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

**6. FINANCE COSTS**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Interest payable on loans from related parties (note 19)	161,280	171,046
Interest expense on lease liabilities (note 9)	197,264	217,699
	<u>358,544</u>	<u>388,745</u>



**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2021**

**7. TAXATION**

<b>(a) Analysis of credit in the year</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Current tax:		
Adjustment in respect of prior years	812,609	401,354
Total tax credit	<u>812,609</u>	<u>401,354</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% (2020: 19%).

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Loss before taxation	<u>(4,420,891)</u>	<u>(4,740,640)</u>
Loss at effective rate of 19% (2020: 19%)	(839,969)	(900,722)
Expenses not deductible for tax purposes	1,465	-
Fixed asset differences	66,404	72,424
Adjustment in respect of prior years	(812,609)	(401,354)
Adjustment to deferred tax	(352,483)	(34,679)
Deferred tax not recognised	<u>1,124,583</u>	<u>862,977</u>
Total current tax credit (note 7(a))	<u>(812,609)</u>	<u>(401,354)</u>

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

No provision has been made for the deferred tax asset of £1,468,680 calculated at 25% (2020: £1,570,773 calculated at 19%) 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**
**YEAR ENDED 31 DECEMBER 2021**
**8. PROPERTY, PLANT AND EQUIPMENT**

	<b>Fixtures &amp; fittings £</b>	<b>Equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2020	15,365,868	113,491	15,479,359
Additions	28,873	9,919	38,792
Disposals	(1,184,830)	(24,937)	(1,209,767)
Transfer	39,279	(39,279)	-
At 31 December 2020	14,249,190	59,194	14,308,384
Additions	3,906	-	3,906
Disposals	(1,736,894)	(5,143)	(1,742,037)
At 31 December 2021	12,516,202	54,051	12,570,253
<b>Depreciation</b>			
At 1 January 2020	6,483,286	81,888	6,565,174
Charge for the year	1,576,984	11,262	1,588,246
Eliminated on disposal	(1,184,830)	(24,937)	(1,209,767)
Transfer	36,627	(36,627)	-
At 31 December 2020	6,912,067	31,586	6,943,653
Charge for the year	1,409,935	12,381	1,422,316
Eliminated on disposal	(1,736,894)	(2,738)	(1,739,632)
At 31 December 2021	6,585,108	41,229	6,626,337
<b>Net book value</b>			
At 31 December 2020	7,337,123	27,608	7,364,731
At 31 December 2021	5,931,094	12,822	5,943,916

**NOTES TO THE FINANCIAL STATEMENTS**
**YEAR ENDED 31 DECEMBER 2021**
**9. RIGHT-OF-USE ASSET**

	<b>Land &amp; Buildings £</b>	<b>Total £</b>
<b>Cost</b>		
At 1 January 2020	13,726,257	13,736,257
Additions	-	-
At 31 December 2020	13,736,257	13,736,257
Additions	-	-
At 31 December 2021	13,736,257	13,736,257
<b>Depreciation</b>		
At 1 January 2020	1,249,921	1,249,921
Charge for the year	1,249,921	1,249,921
At 31 December 2020	2,499,842	2,499,842
Charge for the year	1,249,921	1,249,921
At 31 December 2021	3,749,763	3,749,763
<b>Net book value</b>		
At 31 December 2021	9,986,494	9,986,494
At 31 December 2020	11,236,415	11,236,415

The Company leases three properties for which the remaining lease term is 8 years

*Amounts recognised in the statement of comprehensive income*

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

	<b>2021 £</b>	<b>2020 £</b>
Depreciation expense on right-of use assets	1,249,921	1,249,921
Interest expense on lease liabilities	197,264	217,699
Changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient	-	(1,385,874)
Changes in lease payments that arise from rent deferrals to which the lessee has applied the practical expedient	(346,344)	-

The total cash outflow for leases amount to £1,046,164 (2020: £nil).

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

**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2021**

---

<b>10. INVENTORIES</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Goods for resale	109,918	80,715
Other operating supplies	306,558	315,443
	<hr/>	<hr/>
	416,476	396,158
	<hr/>	<hr/>

<b>11. TRADE AND OTHER RECEIVABLES</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade receivables	272,886	13,231
Other receivables	41,420	40,466
Prepayments and accrued income	213,421	176,268
	<hr/>	<hr/>
	527,727	229,965
	<hr/>	<hr/>

The ageing analysis of trade receivables is as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Neither past due nor impaired	225,489	13,231
Between 31 and 60 days	33,831	-
Between 61 and 90 days	10,002	-
Between 91 and 120 days	3,564	-
	<hr/>	<hr/>
	272,886	13,231
	<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 2021**

<b>12. AMOUNTS DUE FROM RELATED PARTIES</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Due in less than one year</b>		
41 Buckingham Palace Road Limited	8,422,419	8,422,419
Red Carnation Hotels (UK) Limited	6,100,682	8,400,569
Red Carnation Hotel Group Limited (previously Mountbatten Ltd)	309,947	309,947
Milestone H.M.S Limited	96,298	96,298
Trafalgar Management Services	645,662	401,354
AAT King's Tours (U.K.) Limited	14,346	-
Contiki Travel (UK) Limited	21,947	-
Contiki Services Limited	98,969	-
Evans Evans Transport Limited	8,820	-
Insight Travel Services Limited	41,251	-
TTC Group Services	3,908	-
Tracoin Services Limited	203,417	-
Travel Corporation Asia	5,174	-
Travcorp (UK) Limited	170,468	-
	<u>16,143,308</u>	<u>17,630,587</u>
Amounts owed by related parties (note 19)	16,143,308	17,630,587

<b>13. CASH AND CASH EQUIVALENTS</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Cash at bank	<u>91,836</u>	<u>2,911</u>

<b>14. AMOUNTS DUE TO RELATED PARTIES</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Due in less than one year</b>		
Chesterfield (Mayfair) Limited	470,858	470,858
Rubens Travcorp Limited	28,185,102	27,331,234
Montague Management Services Limited	5,583	5,583
Travcorp Management Services	32,035	32,035
	<u>28,693,578</u>	<u>27,839,710</u>

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

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Due in greater than one year</b>		
Trafalgar Tours International Limited	<u>19,955,996</u>	<u>19,794,716</u>

The loan bears interest at 2% above the bank base rate (see note 19).

**NOTES TO THE FINANCIAL STATEMENTS**
**YEAR ENDED 31 DECEMBER 2021**

<b>15. TRADE AND OTHER PAYABLES</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Social security and other taxes	217,757	297,680
Other payables	84,642	84,735
Accruals and deferred income	1,534,670	1,424,419
	<u>1,837,069</u>	<u>1,806,834</u>

**16. LEASE LIABILITIES**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Analysed by:</b>		
Current	1,208,902	1,188,111
Non-current	9,023,977	10,232,879
	<u>10,232,879</u>	<u>11,420,990</u>

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Maturity analysis</b>		
Due within one year	1,208,902	1,188,111
Between two and five years	5,050,902	4,964,031
After five years	3,973,075	5,268,848
	<u>10,232,879</u>	<u>11,420,990</u>

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

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

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Within one year	1,385,374	1,385,374
Between two and five years	5,541,496	5,541,496
After five years	4,156,122	5,541,496
	<u>11,082,992</u>	<u>12,468,366</u>

**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2021****17. 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 £51,877 (2020: £65,232) was paid to these funds. There were no outstanding contributions at year end (2020: £nil).

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

**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 2020	19,794,716	21,880,622	-	-	-	-	21,880,622
Loan from group undertaking 2021	19,955,996	21,694,251	-	-	-	-	21,694,251

***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.

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2021**

**18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

***Capital risk management***

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

The Company's capital structure represents the equity attributable to the shareholders of the Company together with borrowings.

***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	2021		2020	
			Fair Value	Carrying amount	Fair Value	Carrying amount
Unsecured loans from group undertakings	2.50%	2027	21,694,251	13,906,039	21,880,622	13,906,039
Interest accruing on the above unsecured loans from group undertakings	0.00%	2027	-	6,049,957	-	5,888,677
			<u>21,694,251</u>	<u>19,955,996</u>	<u>21,880,622</u>	<u>19,794,716</u>

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 2021**

---

**19. RELATED PARTY TRANSACTIONS**

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

		<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
Red Carnation (U.K.) Limited	Management charges and recharges	2,043,221	2,542,141
Rubens Travcorp Limited	Rent	1,046,164	(36,307)
Travcorp Financial Services Limited	Loan interest	161,280	171,046
		<u>          </u>	<u>          </u>

Within other receivables (note 11) there is a balance due from Mrs Tollman, who has interests in the ultimate parent company, amounting to £40,466 (2020: £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:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Travcorp Financial Services Limited	19,955,996	19,794,716
	<u>          </u>	<u>          </u>

The loan bears interest at 2% above the bank base rate (see note 14).

**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2021****19. 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:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Chesterfield (Mayfair) Limited	470,858	470,858
Montague Management Services Limited	5,583	5,583
Rubens Travcorp Limited	28,185,102	27,331,234
Travcorp Management Services	32,035	32,035
	<u>28,693,578</u>	<u>27,839,710</u>

Details of the Company's immediate parent and of the ultimate controlling party are included at note 22.

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

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Milestone Hotel Management Services Limited	96,297	96,298
41 Buckingham Palace Road Limited	6,100,681	8,422,419
Red Carnation Hotels (U.K.) Limited	8,422,419	8,400,569
Red Carnation Hotel Group Limited (previously Mountbatten Limited)	309,947	309,947
Trafalgar Management Services	645,662	401,354
AAT King's Tours (U.K.) Limited	14,346	-
Contiki Travel (UK) Ltd	21,947	-
Contiki Services Ltd	98,969	-
Evans Evans Transport Ltd	8,820	-
Insight Travel Services Ltd	41,251	-
TTC Group services	3,908	-
Tracoin Services Ltd	203,419	-
Travel Corporation Asia	5,174	-
Travcorp (UK) Ltd	170,468	-
	<u>16,143,308</u>	<u>17,630,587</u>

**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2021**

---

**20. SHARE CAPITAL**

	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>Number</b>	<b>£</b>	<b>Number</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>				
Ordinary shares of £1 each	500,000	500,000	500,000	500,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Equity shares</b>				
Ordinary shares of £1 each	500,000	500,000	500,000	500,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**21. EVENTS AFTER THE REPORTING DATE**

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

**22. 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.