

**Company Registration No. 03328595**

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

**Red Carnation Hotels (U.K.)  
Ltd**



**COMPANY INFORMATION**

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<b>Directors</b>	J J Raggett V O'Hana
<b>Company Secretary</b>	S Royce
<b>Company registration number</b>	03328595
<b>Registered office</b>	14 Grosvenor Place London SW1X 7HH
<b>Auditor</b>	Mazars LLP 30 Old Bailey London EC4M 7AU

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**CONTENTS**

**YEAR ENDED 31 DECEMBER 2021**

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<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</b>
<b>Statement of changes in equity</b>	<b>12</b>
<b>Statement of cash flows</b>	<b>13</b>
<b>Notes to the financial statements</b>	<b>14-34</b>

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**STRATEGIC REPORT**

**YEAR ENDED 31 DECEMBER 2021**

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

**PRINCIPAL ACTIVITIES**

The principal activity of the Company during the year was the provision of hotel management services to related parties.

**BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

There has been an increase in revenue of 7.5% in the year from £7,803,993 to £8,391,067 (2020: 28.6% decrease) 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. EBITDA increased in the year to £1,450,793 (2020: £1,203,947), as the Company managed to maintain the margins and manage costs. The Company has retained earnings of £6,072,706 (2020: £5,544,333) and has cash assets of £1,598,863 (2020: £1,742,450).

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

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

Turnover growth

Gross profit margin

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

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 and the industry it works in 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 profit for the year amounted to £528,373 (2020: £341,366). 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**

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**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.

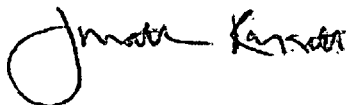
Red Carnation Hotels (UK) Limited mitigates the risk of an economic downturn utilising financial support from The Travel Corporation, its ultimate parent company. This allows them to manage short- and medium-term fluctuations in demand.

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 by order of the board of Directors.



**J J Raggett**  
Director

Date: 01.07.2022

**DIRECTORS' REPORT**

**YEAR ENDED 31 DECEMBER 2021**

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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 19 to the accounts.

**DIRECTORS**

The Directors who served the Company during the year and until 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.

**DISCLOSURE OF INFORMATION TO THE AUDITOR**

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**DIRECTORS' REPORT (continued)**

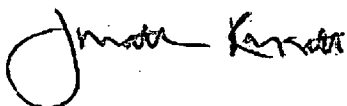
**YEAR ENDED 31 DECEMBER 2021**

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**AUDITOR**

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

Signed by order of the directors



**J J Raggett**  
Director

Date: 01.07.2022

## **RED CARNATION HOTELS (U.K.) LTD**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021**

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

The 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 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 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.



### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RED CARNATION HOTELS (U.K.) LTD YEAR ENDED 31 DECEMBER 2021

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#### Opinion

We have audited the financial statements of Red Carnation Hotels (U.K.) Ltd (the 'Company') for the year ended 31 December 2021 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit 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.

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RED CARNATION HOTELS (U.K.) LTD (continued) YEAR ENDED 31 DECEMBER 2021

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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.

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RED CARNATION HOTELS (U.K.) LTD (continued) YEAR ENDED 31 DECEMBER 2021

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

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

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

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

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

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

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

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

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

## RED CARNATION HOTELS (U.K.) LTD

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RED CARNATION HOTELS (U.K.) LTD (continued) YEAR ENDED 31 DECEMBER 2021

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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

**RED CARNATION HOTELS (U.K.) LTD** Company Registration No. 03328595  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
<b>Revenue</b>	<b>2</b>	8,391,067	7,803,993
Cost of sales		(1,999,192)	(1,749,060)
Gross profit		6,391,875	6,054,933
Administrative expenses		(5,608,722)	(5,787,874)
Other operating income	<b>3</b>	167,086	398,385
<b>Profit from operations</b>	<b>4</b>	950,239	665,444
Finance costs	<b>7</b>	(338,021)	(146,122)
<b>Profit before tax</b>		612,218	519,322
Taxation charge	<b>8</b>	(83,845)	(177,956)
<b>Profit for the year</b>		528,373	341,366
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		528,373	341,366

All results relate to continuing operations.

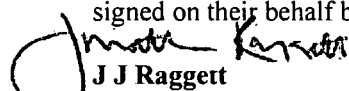
The notes on pages 14 to 34 form part of these financial statements.

**RED CARNATION HOTELS (U.K.) LTD** Company Registration No. 03328595  
**STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
<b>Non-current assets</b>			
Property, plant and equipment	9	962,202	1,054,394
Right-of-use asset	10	2,366,504	2,693,417
Equipment inventories	11	431,145	505,659
		<u>3,759,851</u>	<u>4,253,470</u>
<b>Current assets</b>			
Trade and other receivables	13	356,760	397,656
Amounts due from related parties	12	47,651,598	45,486,672
Cash and cash equivalents	14	1,598,863	1,742,450
		<u>49,607,221</u>	<u>47,626,778</u>
<b>Total assets</b>		<u>53,367,072</u>	<u>51,880,248</u>
<b>Non-current liabilities</b>			
Obligations under leases	17	2,182,276	2,511,024
Amounts due to related parties	15	16,870,699	12,408,775
		<u>19,052,975</u>	<u>14,919,799</u>
<b>Current liabilities</b>			
Obligations under leases	17	328,747	322,635
Trade and other payables	16	6,845,312	4,561,181
Amounts due to related parties	15	21,067,232	26,532,200
		<u>28,241,291</u>	<u>31,416,016</u>
<b>Total liabilities</b>		<u>47,294,266</u>	<u>46,335,815</u>
<b>Equity</b>			
Share capital	21	100	100
Retained earnings		6,072,706	5,544,333
<b>Total equity</b>		<u>6,072,806</u>	<u>5,544,433</u>
<b>Total liabilities and equity</b>		<u>53,367,072</u>	<u>51,880,248</u>

The notes on pages 14 to 34 form part of these financial statements.

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

  
**J J Raggert**  
 Director  
 Date: 01.07.2022

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

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	<b>Note</b>	<b>Share capital £</b>	<b>Retained Earnings £</b>	<b>Total equity £</b>
At 1 January 2020		100	5,202,967	5,203,067
Total comprehensive income for the year		-	341,366	341,366
At 31 December 2020		100	5,544,333	5,544,433
Total comprehensive income for the year		-	528,373	528,373
At 31 December 2021	<b>21</b>	100	6,072,706	6,072,806

The notes on pages 14 to 34 form part of these financial statements.

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Profit after taxation		528,373	341,366
<i>Adjustments for:</i>			
Depreciation on property, plant and equipment	9	173,641	201,686
Depreciation on right-of-use assets	10	326,913	336,367
Finance costs	7	338,021	146,122
Taxation	8	83,845	177,956
<b>Cash flows from operations before changes in working capital</b>		<u>1,450,793</u>	<u>1,203,497</u>
Decrease/(increase) in trade and other receivables	13	40,896	(18,970)
Increase in trade and other payables	16	2,284,131	1,003,074
Decrease in equipment inventories	11	74,514	67,449
<b>Cash generated from operations</b>		<u>3,850,334</u>	<u>2,255,050</u>
Interest paid	7	(289,588)	(101,714)
Payment for group tax relief		(177,956)	(128,285)
<b>Net cash from operating activities</b>		<u>3,382,790</u>	<u>2,025,051</u>
<b>Cash flows generated from investing activities</b>			
Purchase of property, plant and equipment	9	(81,449)	(725,115)
Additions to right-of-use assets	10	-	(892,614)
<b>Net cash used in investing activities</b>		<u>(81,449)</u>	<u>(1,617,729)</u>
<b>Cash flows generated from financing activities</b>			
(Decrease)/increase in amounts due to related parties	15	(1,003,044)	1,692,829
Increase in amounts due from related parties	12	(2,070,815)	(4,356,924)
Interest on lease liabilities	7	(48,433)	(44,408)
(Decrease)/increase in lease liabilities	17	(322,636)	562,945
<b>Net cash used in financing activities</b>		<u>(3,444,928)</u>	<u>(2,415,558)</u>
Net decrease in cash and cash equivalents		(143,587)	(1,738,236)
Cash and cash equivalents at 1 January		1,742,450	3,480,686
<b>Cash and cash equivalents at 31 December</b>	14	<u>1,598,863</u>	<u>1,742,450</u>

The notes on pages 14 to 34 form part of these financial statements



**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2021**

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**1. ACCOUNTING POLICIES**

**General information**

Red Carnation Hotels (U.K.) Ltd is a private company incorporated and domiciled in England and Wales. The address of the registered office in the United Kingdom is stated on the Company information page and the nature of the Company's operations and principal activities are stated in the Strategic Report.

**Basis of preparation**

The financial statements have been prepared in accordance with UK-adopted international accounting standards. These financial statements have been prepared under historical cost convention. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements have been presented in Pounds Sterling as this is the currency of the primary economic environment that the Company operates in.

**Going concern**

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 current 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.

**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
Motor Vehicles	- 20% straight line
Equipment	- 20% straight line

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.

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2021**

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**1. ACCOUNTING POLICIES (continued)**

**Inventories**

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

**Impairment**

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

**Government grants**

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

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

Government grants relating to income are presented separately in the statement of comprehensive income within 'other operating income'.

**Pension costs**

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

**Current tax**

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2021**

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**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 derecognition 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**

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**1. ACCOUNTING POLICIES (continued)**

***Financial liabilities***

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

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

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

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

***Classification as equity or financial liability***

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

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

***Leases***

The Company leases land and buildings and equipment. Rental contracts on properties have lease terms of 10 years and rental contracts on equipment are typically made for fixed periods between 3 and 5 years but may have extension options.

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2021**

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**1. ACCOUNTING POLICIES (continued)**

**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: £231,892) 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 £57,973 (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 issue 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. The Company Directors are required to conclude annually that the residual value of the property held exceeds the carrying value in the statement of financial position therefore eliminating the requirement for it to be depreciated.

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

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**1. ACCOUNTING POLICIES (continued)****Critical judgement in applying the Company's accounting policies*****Assessing indicators of impairment***

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

**Key sources of estimation uncertainty*****Right-of-use assets***

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

**2. REVENUE**

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

	2021 £	2020 £
United Kingdom	7,405,168	6,798,668
European Union	714,454	663,853
Rest of world	271,445	341,472
	<u>8,391,067</u>	<u>7,803,993</u>

Due to the nature of the business the turnover is recognised when the service is provided.

**3. OTHER OPERATING INCOME**

	2021 £	2020 £
CJRS Grant	167,086	398,385
	<u>167,086</u>	<u>398,385</u>

During 2020 and 2021, the Company received grants relating to the Coronavirus Job Retention Scheme (CJRS).

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

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**4. PROFIT FROM OPERATIONS**

Included in the profit for the year are the following:	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Directors' emoluments	539,625	489,375
Depreciation of property, plant and equipment	173,641	201,686
Depreciation of right-of-use assets	326,913	336,367
Auditor's remuneration - as auditor	6,250	6,175
- taxation services	1,475	1,424
- other services	594	750
Sale of assets	-	1,675
	<u>          </u>	<u>          </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	86	79
	<u>          </u>	<u>          </u>

The aggregate payroll costs of the above were:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Wages and salaries	3,868,351	3,733,137
Social security costs	383,136	323,289
Other pension costs (note 18)	153,907	208,560
	<u>          </u>	<u>          </u>
	<u>4,405,394</u>	<u>4,264,986</u>

**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2021****6. DIRECTORS' EMOLUMENTS**

The directors' aggregate emoluments in respect of qualifying services were:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Emoluments receivable	535,625	489,375
Employer contributions to defined contribution pension scheme	4,000	-
	<u>539,625</u>	<u>489,375</u>
The emoluments of the highest paid director:		
Emoluments receivable	288,125	256,875
Employer contributions to defined contribution pension scheme	4,000	-
	<u>292,125</u>	<u>256,875</u>

One director accrued benefits under company pension schemes (2020: none).

Key management personnel comprises the Directors of the Company.

**7. FINANCE COSTS**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Interest on loans from related parties (note 20)	289,588	101,714
Interest expense on lease liabilities	48,433	44,408
	<u>338,021</u>	<u>146,122</u>

**8. TAXATION****(a) Analysis of charge in the year**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Current tax:		
In respect of the current year	124,685	154,409
In respect of prior years	(40,840)	23,547
	<u>83,845</u>	<u>177,956</u>
Total tax in the statement of comprehensive income	<u>83,845</u>	<u>177,956</u>



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

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**8. TAXATION (continued)****(b) Factors affecting current tax charge**

The tax assessed on the profit for the year varies from the effective rate of corporation tax in the UK of 19% (2020: 19%).

	2021 £	2020 £
Profit before taxation	612,218	519,322
Tax at effective rate of 19% (2020: 19%).	116,321	98,671
Adjustments to prior years		
Fixed asset differences	11,860	20,307
Expenses not deductible for tax purposes	20,241	39,422
Group relief claimed	(124,685)	(150,283)
Payment for group relief	124,685	154,409
Adjustments to deferred tax due to average rate change	/	-
Adjustments to tax charge in respect of previous periods	(40,840)	23,546
Remeasurement of deferred tax for changes in tax rates	(31,622)	(14,186)
Deferred tax not recognised	7,885	6,070
Total tax in statement of comprehensive income (note 8(a))	83,845	177,956

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

No provision was made for the deferred tax asset of £131,758 calculated at 25% (2020: £126,654 calculated at 19%), which arose from depreciation of equipment, fixtures and fittings in excess of taxation allowances available.

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 comprehensive income 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**

**9. PROPERTY, PLANT AND EQUIPMENT**

	<b>Fixtures &amp; fittings</b>	<b>Motor vehicles</b>	<b>Equipment</b>	<b>Total</b>
<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2020	349,747	131,259	323,944	804,950
Additions	709,170	-	15,945	725,115
Disposals	-	-	(71,610)	(71,610)
At 31 December 2020	1,058,917	131,259	268,279	1,458,455
Additions	74,571	-	6,878	81,449
Disposals	-	-	(130,339)	(130,339)
Reclassification	(1,570)	-	-	(1,570)
At 31 December 2021	1,131,918	131,259	144,818	1,407,995
<b>Depreciation</b>				
At 1 January 2020	25,561	63,397	185,027	273,985
Charge for the year	109,858	26,251	65,577	201,686
Eliminated on disposal	-	-	(71,610)	(71,610)
At 31 December 2020	135,419	89,648	178,994	404,061
Charge for the year	114,080	26,252	33,309	173,641
Eliminated on disposal	-	-	(130,339)	(130,339)
Reclassification	(1,570)	-	-	(1,570)
At 31 December 2021	247,929	115,900	81,964	445,793
<b>Net book value</b>				
At 31 December 2021	883,989	15,359	62,854	962,202
At 31 December 2020	41,611	923,498	89,285	1,054,394

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2021**

**10. RIGHT-OF-USE-ASSETS**

**NON-CURRENT**

	<b>Land and buildings £</b>	<b>Equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2020	2,198,032	69,550	2,267,582
Additions	812,345	80,269	892,614
	<u>3,010,377</u>	<u>149,819</u>	<u>3,160,196</u>
At 31 December 2020	3,010,377	149,819	3,160,196
Additions	-	-	-
	<u>3,010,377</u>	<u>149,819</u>	<u>3,160,196</u>
At 31 December 2021	<u>3,010,377</u>	<u>149,819</u>	<u>3,160,196</u>
<b>Depreciation</b>			
At 1 January 2020	199,821	12,321	212,142
Charge for the year	222,386	32,251	254,637
	<u>422,207</u>	<u>44,572</u>	<u>466,779</u>
At 31 December 2020	422,207	44,572	466,779
Charge for the year	290,082	36,831	326,913
	<u>712,289</u>	<u>81,403</u>	<u>793,692</u>
At 31 December 2021	<u>712,289</u>	<u>81,403</u>	<u>793,692</u>
<b>Net book value</b>			
At 31 December 2021	<u>2,298,088</u>	<u>68,416</u>	<u>2,366,504</u>
At 31 December 2020	<u>2,588,170</u>	<u>105,247</u>	<u>2,693,417</u>

The Company leases two properties with a remaining lease term of 8 years and various equipment with an average remaining lease term of 2 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 asset	326,913	336,367
Interest expense on lease liabilities	48,433	44,408
Changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient	-	(231,892)
Changes in lease payments that arise from rent deferrals to which the lessee has applied the practical expedient	(57,973)	-
	<u>316,373</u>	<u>148,883</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2021**

<b>11. EQUIPMENT INVENTORIES</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Hotel furnishings acquired for future refurbishments	431,145	505,659
<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>		
Red Carnation Hotel Group Limited	1,806,390	1,806,390
Summer Lodge Management Limited	14,225,578	14,353,025
The Twelve Apostles Hotel (Proprietary) Limited	3,380,461	3,339,152
Chesterfield Associates	616,742	616,742
Hotel D'Angleterre SA	2,434,370	2,342,404
Oyster Box Hotel (Proprietary) Limited	1,405,920	1,174,397
Xigera Lodge	203,949	168,511
Milestone Hotel Management Services Limited	4,959,728	3,945,689
Chesterfield Palm Beach LLC	2,283,059	2,210,091
Time Out Holidays Limited	499,129	485,373
Egerton Travcorp Limited	875,634	670,406
White Cloud Ventures	39,999	39,999
Bushmans Kloof SA	355,005	330,689
OGH Management Services Limited	6,342,611	6,432,968
Bbar Restaurant Limited	5,102,800	4,867,270
Global River Cruises Limited	23,937	170,773
Chesterfield Palm Beach Hotel Property Inc	64,940	64,940
Chesterfield Palm Beach	465,362	465,362
Mountbatten Resorts (S) Pte Limited (Singapore)	18,884	18,884
Trafalgar Asia	(1,884)	(1,884)
Bouchard Finlayson Limited	131,796	130,170
Ashford Castle Hotel Limited	411,832	236,937
41 Buckingham Palace Road	17,066	17,066
The Laggan Hotel Management Limited	565,154	432,067
Travcorp Yacht Limited	4,390	4,390
Ashford Castle Travcorp Limited	14,292	14,292
The Lodge at Ashford Castle Travcorp	2,972	2,972
RCH Scotland Travcorp Limited	710,908	634,426
Princes Street Management Limited	(79,675)	(108,525)
Hatch Hall Travcorp Limited	666,901	294,549
Hatch Hall Hotel Limited	-	326,800
Skye Inn	-	179
Travcorp Geneva SA	348	348
Lion World Travel	1,581	-
RCHE (Red Carnation Europe)	38,772	-
Uniworld River Cruises	7,165	-
La Venezia	55,482	-
	<b>47,651,598</b>	<b>45,486,852</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**
**YEAR ENDED 31 DECEMBER 2021**
**13. TRADE AND OTHER RECEIVABLES**

	2021	2020
	£	£
Trade debtors	88,053	261,229
Other receivables	14,698	45,312
Prepayments and accrued income	254,009	91,115
	<u>356,760</u>	<u>397,656</u>

**14. CASH AND CASH EQUIVALENTS**

	2021	2020
	£	£
Cash at bank and in hand	<u>1,598,863</u>	<u>1,742,450</u>

**15. AMOUNTS DUE TO RELATED PARTIES**

	2021	2020
	£	£
<b>Due in less than one year</b>		
The Travel Corporation Limited – trading account	353,194	375,532
Chesterfield (Mayfair) Limited	1,701,860	3,642,639
Rubens Management Services Limited	6,100,613	8,400,501
Montague Management Services Limited	7,179,002	8,114,761
41 Buckingham Palace Road Limited	3,711,912	3,813,232
Egerton House Management Services Limited	645,381	1,036,796
Travcorp USA Inc	813,697	717,136
Trafalgar Retail Limited	503,600	431,603
No Limits Limited	57,973	-
	<u>21,067,232</u>	<u>26,532,200</u>

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

**Due in greater than one year**

Travcorp Financial Services Limited	<u>16,870,699</u>	<u>12,408,775</u>
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The loan bears interest at 2% above the bank base rate (see note 20).

**16. TRADE AND OTHER PAYABLES**

	2021	2020
	£	£
Trade payables	4,547,100	2,628,142
Other creditors including taxes and social security	2,298,211	1,933,039
	<u>6,845,311</u>	<u>4,561,181</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2021**

<b>17. LEASE LIABILITIES</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Analysed as:</b>		
Current	328,747	322,635
Non-current	2,182,276	2,511,024
	<u>2,511,023</u>	<u>2,833,659</u>
<i>Maturity analysis</i>		
Within one year	328,747	322,635
Between two and five years	1,505,675	1,615,660
After five years	676,601	895,364
	<u>2,511,023</u>	<u>2,833,659</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	370,388	371,174
Between two and five years	1,354,635	1,394,726
After five years	990,891	1,321,188
	<u>2,715,914</u>	<u>3,087,088</u>

**18. PENSIONS**

The Company contributes to a defined contribution scheme open to all employees, subject to scheme rules. Contributions to the scheme are charged to statement of comprehensive income as incurred. These amounted to £153,907 (2020: £208,560) in the period. There were no outstanding contributions at the year end (2020: £nil).

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 19. 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.

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 2021	16,870,699	14,025,691	-	-	-	-	14,025,691
Loan from group undertaking 2020	12,408,775	14,001,569	-	-	-	-	14,001,569

The loan agreements are due for repayment on 1 January 2027.

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2021**

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

*Interest rate risk*

The Company is exclusively funded by related party borrowings and is not exposed to interest rate risk.

*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.

*Capital risk management*

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

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

*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	14,025,691	14,790,963	14,001,569	10,618,627	
Interest accruing on the above unsecured loans from group undertakings	0.00%	2027	-	2,079,736	-	1,790,148	
			<u>14,025,691</u>	<u>16,870,699</u>	<u>14,001,569</u>	<u>12,408,775</u>	

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



**RED CARNATION HOTELS (U.K.) LTD** Company Registration No. 03328595  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2021**

**20. RELATED PARTY TRANSACTIONS**

During the year the Company provided services to related parties as follows:

		2021 £	2020 £
Chesterfield (Mayfair) Limited	Management services	1,374,880	1,225,415
Montague Management Services Limited	Management services	1,229,849	1,098,679
Rubens Management Services Limited	Management services	2,046,414	1,944,804
Milestone Hotel Management Services Limited	Management services	800,712	713,771
41 Buckingham Palace Road Limited	Management services	297,493	258,005
bbar Restaurant Limited	Management services	233,938	226,876
Egerton House Management Limited	Management services	367,830	327,203
Hotel D'Angleterre SA	Management services	55,915	72,312
The Twelve Apostles Hotel (Proprietary) Limited	Management services	91,097	114,600
Summer Lodge Management Limited	Management services	365,304	412,928
Acorn Pub Management Limited	Management services	56,133	70,608
Oyster Box Hotel (Proprietary) Limited	Management services	91,097	114,600
OGH Management Services Limited	Management services	381,680	316,886
Chesterfield Palm Beach LLC	Management services	89,251	112,272
Duke of Richmond Limited	Management services	250,935	203,493
The Lodge at Ashford Castle Limited	Management services	188,841	176,067
Ashford Castle Hotel Limited	Management services	469,698	415,474
		<u>8,391,607</u>	<u>7,803,993</u>

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

		2021 £	2020 £
Travcorp Financial Services Limited	Loan interest	289,588	82,349
No Limits Limited	Rent	217,500	15,148
		<u>507,088</u>	<u>97,497</u>

**RED CARNATION HOTELS (U.K.) LTD** Company Registration No. 03328595  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2021**

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**20. RELATED PARTY TRANSACTIONS (continued)**

Amounts owing from related parties, which are unsecured, interest free and repayable on demand are detailed below.

	2021 £	2020 £
<b>Immediate parent company</b>		
Red Carnation Hotel Group Limited	1,806,390	1,806,390
<b>Other group companies</b>		
Summer Lodge Management Limited	14,225,578	14,353,025
The Twelve Apostles Hotel (Proprietary) Limited	3,380,461	3,339,152
Chesterfield Associates	616,742	616,742
Hotel D'Angleterre SA	2,434,370	2,342,404
Xigera Lodge	203,949	1,174,397
Oyster Box Hotel (Proprietary) Limited	1,405,920	168,511
Milestone Hotel Management Services Limited	4,959,728	3,945,689
Chesterfield Palm Beach LLC	2,283,059	2,210,091
Time Out Holidays Limited	499,129	485,373
Egerton Travcorp Limited	875,634	670,406
White Cloud Ventures	39,999	39,999
Bushmans Kloof SA	355,005	330,689
OGH Management Services Limited	6,342,611	6,432,968
Bbar Restaurant Limited	5,102,800	4,867,270
Global River Cruises Limited	23,937	170,773
Chesterfield Palm Beach Hotel Property Inc	64,940	64,940
Chesterfield Palm Beach	465,362	465,362
Trafalgar Asia	(1,884)	(1,884)
The Laggan Hotel Management Limited	565,154	432,067
Mountbatten Resorts (S) Pte Limited (Singapore)	18,884	18,884
41 Buckingham Palace Road Limited	17,066	17,066
Bouchard Finlayson Limited	131,796	130,170
Ashford Castle Hotel Limited	411,832	236,937
Travcorp Yacht Limited	4,390	4,390
Ashford Castle Travcorp Limited	14,292	14,292
The Lodge at Ashford Castle Travcorp	2,972	2,972
RCH Scotland Travcorp Limited	710,908	634,426
Princes Street Management Limited	(79,675)	(108,525)
Hatch Hall Travcorp	666,901	294,549
Hatch Hall Hotel	-	326,800
Skye Inn	-	179
Travcorp Geneva	348	348
Lion World Travel	1,581	-
RCHE (Red Carnation Europe)	38,772	-
Uniworld River Cruises	7,165	-
La Venezia	55,482	-

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2021**

**20. RELATED PARTY TRANSACTIONS (continued)**

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

	2021 £	2020 £
Travcorp Financial Services Limited	16,870,699	12,408,775
	<u>16,870,699</u>	<u>12,408,775</u>

The Company had balances outstanding on interest free loans which are repayable on demand to the following related parties:

	2021 £	2020 £
<b>Ultimate parent company</b>		
The Travel Corporation Limited	353,194	375,532
<b>Other group companies</b>		
Chesterfield (Mayfair) Limited	4,701,860	3,642,639
Rubens Management Services Limited	6,100,613	8,400,501
Montague Management Services Limited	7,179,002	8,114,761
41 Buckingham Palace Road Limited	3,711,912	3,813,232
Egerton House Management Limited	645,381	1,036,796
Travcorp USA Inc	813,697	717,136
Trafalgar Retail Limited	503,600	431,603
No Limits Limited	57,973	-
	<u>21,067,232</u>	<u>26,532,200</u>

**21. SHARE CAPITAL**

	2021		2020	
	Number	£	Number	£
<b>Allotted, called up and fully paid</b>				
Ordinary shares of £1 each	100	100	100	100
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
<b>Equity shares</b>				
Ordinary shares of £1 each	100	100	100	100
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2021**

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**22. EVENTS AFTER THE REPORTING DATE**

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

**23. 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 financial statements of this company are not available to the public. The smallest group in which they are consolidated is that headed by Chesterfield (Mayfair) Limited, its immediate parent company, a company registered in England and Wales.

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