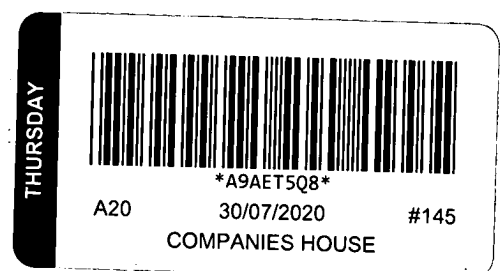


Company Registration No. 03997212

**Annual Report for the year ended 31 December
2019**

**41 Buckingham Palace
Road Limited**



COMPANY INFORMATION

Directors

J J Raggett
V O'Hana

Company Secretary

S Royce

Company registration number

03997212

Registered office

14 Grosvenor Place
London
SW1X 7HH

Auditor

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

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STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2019

The Directors present their Strategic Report for the company for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of hotel operations and management. The company operates a 5 star hotel in London.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The revenue for the hotel increased by 2.7% from £3,342,061 to £3,430,972 (2018: increase of 14.1%) due to an increase in occupancy in the year. The EBITDA increased by £176,673 to £265,439 (2018: £88,766) primarily due to the changes to accounting for IFRS 16 which have improved the EBITDA position.

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 £7,754,782 (2018: £7,667,470) and continues to be reliant on the support of its ultimate parent company.

The company expected 2020 to improve in terms of trading and with additional cost management to improve the results of the Company. However following the current situation with COVID-19 globally and ongoing pandemic as declared by the World Health Organisation within the UK and the current closure of hotel in in line with UK government guidelines, the Company expects 2020 to be an extremely challenging year. This is beyond the Company's control and management have put in measures to help control the impact on the Company.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £87,312 (2018: loss of £1,495). The directors do not recommend the payment of a dividend (2018: £nil).

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

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

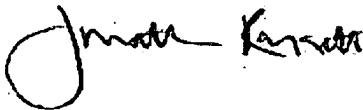
STRATEGIC REPORT**YEAR ENDED 31 DECEMBER 2019**

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

The United Kingdom withdrew from the European Union on 31 January 2020 and entered into an Implementation Period which is scheduled to end on 31 December 2020. During this period, the trading relationship between the UK and the EU is expected to remain unchanged, however the terms of the future relationship between the UK and the EU from 1 January 2021 onwards are still unknown. At the date of this report it is therefore impossible to assess in detail the opportunities and threats that this future relationship could present. The directors are managing these risks by closely monitoring developments, and are confident that the company will be able to amend and modify its procedures to remain fully compliant with any future rules and regulations, and to maintain its standing and reputation in the marketplace throughout Europe and worldwide.

Due to the global COVID-19 coronavirus pandemic the Company is monitoring the current situation and assessing the impact on a daily basis as the situation evolves. Further details are included in our subsequent events review in note 22.

Signed by order of the Board of Directors



J J Raggett
Director

Date: 29 May 2020

DIRECTORS' REPORT (continued)

YEAR ENDED 31 DECEMBER 2019

The Directors present their report and the audited financial statements of the company for the year ended 31 December 2019.

MATTERS COVERED IN THE STRATEGIC REPORT

As permitted by paragraph 1A of Schedule 7 to the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on page 1 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 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 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 (2018: £nil).

EVENTS AFTER THE REPORTING DATE

Since the year end, the Company is facing the challenges in relation to COVID-19 which is impacting the trade in 2020. This has occurred post year end and is a non-adjusting post balance sheet event and more disclosure is within the notes of the accounts. There were no events subsequent to the balance sheet date that required adjustment to or disclosure in the financial statements.

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.

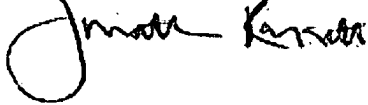
DIRECTORS' REPORT (continued)

YEAR ENDED 31 DECEMBER 2019

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

A handwritten signature in black ink, appearing to read 'J J Raggett', is written over a large, circular, light-colored mark that looks like a stamp or a large letter 'O'.

J J Raggett
Director

Date: 29 May 2020

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

YEAR ENDED 31 DECEMBER 2019

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

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

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

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

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

41 BUCKINGHAM PALACE ROAD LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 41 BUCKINGHAM PALACE ROAD LIMITED (continued)

YEAR ENDED 31 DECEMBER 2019

Opinion

We have audited the financial statements of 41 Buckingham Palace Road Limited (the 'company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Emphasis of matter – impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the company financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as disclosed on page 2, and the consideration in the going concern basis of preparation on page 15 and non-adjustment post balance sheet events on page 33.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19, the potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy.

41 BUCKINGHAM PALACE ROAD LIMITED**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
41 BUCKINGHAM PALACE ROAD LIMITED (continued)****YEAR ENDED 31 DECEMBER 2019**

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

41 BUCKINGHAM PALACE ROAD LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 41 BUCKINGHAM PALACE ROAD LIMITED (continued)

YEAR ENDED 31 DECEMBER 2019

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

41 BUCKINGHAM PALACE ROAD LIMITED**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
41 BUCKINGHAM PALACE ROAD LIMITED (continued)****YEAR ENDED 31 DECEMBER 2019**

Use of the audit report

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



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

Date: 29 May 2020

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Revenue	3	3,430,972	3,342,061
Cost of sales		(2,598,096)	(2,520,771)
Gross profit		832,876	821,290
Administrative expenses		(822,145)	(780,556)
Profit from operations	4	10,731	40,734
Finance costs	6	(177,328)	(142,932)
Loss before tax		(166,597)	(102,198)
Taxation credit	7	79,285	100,703
Loss the year		(87,312)	(1,495)
Other comprehensive income		-	-
Total comprehensive loss for the year		(87,312)	(1,495)

The notes on pages 15 to 34 form part of these financial statements.

All results relate to continuing operations.

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2019

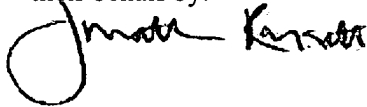
	Note	2019 £	2018 £
Non-current assets			
Property, plant and equipment	8	452,564	396,064
Right-of-use asset	9	1,804,160	-
		<u>2,256,724</u>	<u>396,064</u>
Current assets			
Inventories	10	107,972	118,464
Trade and other receivables	11	115,650	130,982
Amounts owed from related parties	12	4,170,960	4,087,705
		<u>4,394,582</u>	<u>4,337,151</u>
Total assets		<u>6,651,306</u>	<u>4,733,215</u>
Non-current liabilities			
Amounts due to related parties	13	1,182,104	1,039,211
Obligations under leases	16	1,650,549	-
		<u>2,832,653</u>	<u>1,039,211</u>
Current liabilities			
Trade and other payables	14	153,729	110,230
Obligations under leases	16	168,462	-
Amounts due to related parties	15	11,251,244	11,251,244
		<u>11,573,435</u>	<u>11,361,474</u>
Total liabilities		<u>14,406,088</u>	<u>12,400,685</u>
Equity			
Share capital	21	650,000	650,000
Retained earnings		(8,404,782)	(8,317,470)
Total equity		<u>(7,754,782)</u>	<u>(7,667,470)</u>
Total liabilities and equity		<u>6,651,306</u>	<u>4,733,215</u>

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019

The notes on pages 15 to 34 form part of these financial statements.

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



J J Raggett
Director

Date: 29 May 2020

STATEMENT OF CHANGES IN EQUITY**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	Share capital £	Retained earnings £	Total £
At 1 January 2018		650,000	(8,315,975)	(7,665,975)
Total comprehensive income for the year		-	(1,495)	(1,495)
At 1 January 2019		<u>650,000</u>	<u>(8,317,470)</u>	<u>(7,667,470)</u>
Total comprehensive income for the year		-	(87,312)	(87,312)
At 31 December 2019	21	<u><u>650,000</u></u>	<u><u>(8,404,782)</u></u>	<u><u>(7,754,782)</u></u>

The notes on pages 15 to 34 form part of these financial statements.

41 BUCKINGHAM PALACE ROAD LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

Company Registration No. 03997212

	Note	2019 £	2018 £
Cash flows from operating activities			
Loss after taxation		(87,312)	(1,495)
<i>Adjustments for:</i>			
Depreciation		74,292	64,097
Depreciation on right-of-use-asset		180,416	-
Finance costs		177,328	142,932
Taxation		(79,285)	(100,703)
		<hr/>	<hr/>
Cash flows generated from operations before changes in working capital		265,439	104,831
Decrease in inventories		10,492	15,875
Decrease/(increase) in trade and other receivables		15,332	(427)
Increase/(decrease) in trade and other payables		43,499	(1,777)
		<hr/>	<hr/>
Cash generated/(used in) from operations		334,762	118,502
Interest paid		(142,893)	(142,932)
Tax received		100,703	97,953
		<hr/>	<hr/>
Net cash generated/(used in) from operating activities		292,572	73,523
		<hr/>	<hr/>
Cash flows used in investing activities			
Purchase of property, plant and equipment		(130,792)	(226,916)
Purchase of right-of-use-asset		(1,984,576)	-
		<hr/>	<hr/>
Net cash used in investing activities		(2,115,368)	(226,916)
		<hr/>	<hr/>
Cash flows from financing activities			
Increase in amounts due from related parties		(104,673)	(214,810)
Increase in amounts due to related parties		142,893	368,203
Interest on lease liability		(34,435)	-
Lease liability		1,819,011	-
		<hr/>	<hr/>
Net cash generated from financing activities		1,822,796	153,393
		<hr/>	<hr/>
Net movement in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		-	-
		<hr/>	<hr/>
Cash and cash equivalents at 31 December		-	-
		<hr/>	<hr/>

During this period the company held no cash or cash equivalents in its own name and all cash inflows and outflows as a result of the company's transactions passed through the bank accounts of fellow subsidiary undertakings.

The notes on pages 15 to 34 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES

General information

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

The financial statements have been presented in Pounds Sterling as this is currency of the primary economic environment in which the company operates and is rounded to the nearest pound.

Basis of preparation

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

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the company have adequate resources to continue in operational existence for the foreseeable future. The directors have considered the 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 £7,754,782 at 31 December 2019. The company's ultimate parent has represented that it will continue to provide ongoing financial support to enable the company to meet its financial obligations and that the company will not be required to pay obligations owed to any group entities while its liabilities exceed its assets. The ability of the company to continue as a going concern is dependent on this ongoing financial support and based on this they continue to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements do not include any adjustments that might be necessary if the company is unable to continue as a going concern.

Revenue recognition

Revenue is recognised from the sale of goods and services from the company's ordinary activities.

Revenue is recognised from the sale of services when the amount can be measured reliably and is stated after trade discounts and other sales taxes, and is net of VAT.

Property, plant and equipment

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

Depreciation

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

Fixtures & Fittings	- 12.5% straight line
Equipment	- 20% straight line

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2019**

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.

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.

Deferred tax

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (continued)

Financial instruments

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

Financial assets

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

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

Provision for impairment of trade, related party receivables and other receivables is made when objective evidence is received that the company will not be able to collect all amounts due to it in accordance with the original terms of the receivable. The amount of the impairment is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Any change in their value through impairment or reversal of impairment is recognised in the statement of comprehensive income.

A financial asset is derecognised if the contractual rights to receive the cash flows of the asset have been transferred or the company retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the company transfers substantially all the risks and rewards of ownership of the asset.

Financial liabilities

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

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

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

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

Classification as equity or financial liability

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

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.

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2019**

1. ACCOUNTING POLICIES (continued)**Leases (pre IFRS 16)**

The company leases land and buildings. Rental contracts are typically made for fixed periods of 10 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

FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (continued)

Standards, amendments and interpretations adopted in the current financial year ended 31 December 2019

IFRS 16

IFRS 16 is a new accounting standard that is effective for the year ended 31 December 2019 and has had a material impact on the company (see note 9).

	EU effective date – periods beginning on or after*	Non-EU effective date – periods beginning on or after
IFRS 9 Financial Instruments (Amendment): Prepayment Features with Negative Compensation	1 January 2019	1 January 2019
IFRS 16 Leases	1 January 2019	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019	1 January 2019
IAS 19 Employee Benefits (Amendment): Plan Amendment, Curtailment or Settlement	1 January 2019	1 January 2019
IAS 28 Investments in Associates and Joint Ventures (Amendment): Long-term Interests in Associates and Joint Ventures	1 January 2019	1 January 2019
Annual Improvements to IFRSs (2015 – 2017 Cycle)	1 January 2019	1 January 2019

Impact of initial application of IFRS 16 leases

In the current year, the Company has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right of use asset and a lease liability at the commencement for all leases, except short term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Detail of these new requirements are described in Note 3. The impact of the adoption of IFRS 16 on the Company's financial statements is described below.

The date of the initial application of IFRS 16 for the Company is 1 January 2019.

The company had to change its accounting policies as a result of adopting IFRS 16. The company elected to adopt the modified retrospective approach to recognise the cumulative effect of initially applying the new standard on 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2019**

1. ACCOUNTING POLICIES (continued)**(a) Impact of the new definition of a lease**

The Company has made use of the practical expedients available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Company applied the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or changed on or after 1 January 2019.

(b) Impact of Lessee accounting

IFRS 16 changes how the Company accounted for leases previously classified as operating leases under IAS 17, which were off balance sheet. Applying IFRS 16, for all leases (except those noted above) the Company:

- (i) Recognises right of use asset and lease liabilities on the balance sheet, initially measured at present value of the future lease payments, with the right of use asset adjusted by the amount of any prepaid or accrued lease payments
- (ii) Recognises depreciation of right of use asset and interest on lease liabilities in the profit and loss account

Lease incentives are recognised as part of the measurement of the right of use assets and lease liabilities.

The Company has used the following practical expedients when applying the modified approach to leases previously classified as operating leases under IAS 17:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019; and
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application and using hindsight in determining the lease term where the contract contains options to extend or terminate the lease and using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2019**

1. ACCOUNTING POLICIES (continued)**(c) Financial impact of initial application of IFRS 16**

On adoption of IFRS 16, the company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019.

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 January 2019 is 1.75%.

The following table shows the operating lease commitments disclosed applying IAS 17 at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the balance sheet at the date of initial application.

	£'000
Operating lease commitments as at 31 December 2018	200
Effect of discounting the above amounts	<u>(18)</u>
Lease liabilities recognised at 1 January 2019	<u>182</u>

By applying the modified approach to IFRS 16 there is no impact to the retained earnings and the results in the prior year with all leases being recognised onto the balance sheet in the current year.

At the end of 2018, there was a one year rolling lease on the property which was disclosed within the 2018 and reconciled above. During 2019, the Company signed a lease for the property for a 10 year period to December 2029 and has been recognised within the accounts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

The adoption of the following standards, amendments and interpretations in future years are not expected to have a material impact on the company's financial statements.

The company is however continuing to assess the full impact that adopting the standards will have on future financial statements, and therefore the full effect is yet to be determined.

	EU effective date – periods beginning on or after	Non-EU effective date – periods beginning on or after
IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment): Definition of Material	1 January 2020	1 January 2020
IFRS 3 Business Combinations (Amendment): Definition of a Business	1 January 2020	1 January 2020
IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures (Amendments): Interest Rate Benchmark Reform	1 January 2020	1 January 2020
Conceptual Framework (Amendment): Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020	1 January 2020

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.

Key sources of estimation uncertainty
Right-of-use assets

The interest rate used to calculate the finance charge on a right-of-use asset 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.

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2019**

2. CHANGES IN ACCOUNTING POLICIES

As indicated in accounting policy above, the company has adopted IFRS 16 Leases retrospectively from 1 January 2019 and therefore comparative information has not been restated and is presented under IAS 17.

Policies applicable from 1 January 2019

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. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

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.

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.

3. REVENUE

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

	2019	2018
	£	£
United Kingdom	3,430,972	3,342,061
	<u> </u>	<u> </u>

Due to the nature of the business the turnover is recognised when the service is provided and there was no impact on the change of standard in the prior year for IFRS 15 and revenue is recognised on a daily basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

4. PROFIT FROM OPERATIONS

Operating profit for the year is stated after charging::	2019	2018
	£	£
Depreciation of property, plant and equipment	74,292	64,097
Depreciation of right-of-use-asset	180,416	-
Auditor's remuneration - as auditor	6,175	5,905
- taxation services	1,700	850
- other services	400	325
Expense related to short-term leases:		
Land and buildings	-	324,902

5. STAFF NUMBERS AND COSTS

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

	2019	2018
	Number	Number
Management staff	1	1
Other staff – service	29	27
	<u>30</u>	<u>28</u>

The aggregate payroll costs of the above were:	2019	2018
	£	£
Wages and salaries	1,092,779	1,009,797
Social security costs	93,918	87,144
Other pension costs (note 17)	13,252	7,710
	<u>1,199,949</u>	<u>1,104,651</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 (2018: £nil).

The directors of the company are also the key management personnel.

6. FINANCE COSTS

	2019	2018
	£	£
Interest expense on lease liabilities	34,435	-
Interest payable on loans from related parties (note 20)	142,893	142,932
	<u>177,328</u>	<u>142,932</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

7. TAXATION

(a) Analysis of current tax credit in the year	2019	2018
	£	£
Current tax:		
In respect of prior years	(79,285)	(100,703)
	<u>(79,285)</u>	<u>(100,703)</u>
Total tax credit	<u>(79,285)</u>	<u>(100,703)</u>

(b) Factors affecting current tax

The tax assessed on the profit for the year varies from the effective rate of corporation tax in the UK of 19% (2018: 19%).

	2019	2018
	£	£
Loss before taxation	(166,597)	(102,198)
	<u>(166,597)</u>	<u>(102,198)</u>
Loss at effective rate of 19% (2018: 19%)	(31,653)	(19,418)
Expenses not deductible for tax purposes		1
Fixed asset differences	5,628	468
Adjustment to deferred tax	(62,234)	1,994
Deferred tax not recognised	88,250	16,955
Adjustments in respect of prior periods	(79,285)	(100,703)
	<u>(79,285)</u>	<u>(100,703)</u>
Total current tax (note 7a)	<u>(79,285)</u>	<u>(100,703)</u>

(c) Factors that may affect future tax charges

No provision has been made for the deferred tax asset of £617,245 calculated at 17% (2018: £599,924 calculated at 17%) arising from depreciation of equipment, fixtures and fittings in excess of taxation allowances available and available losses because the timing of profits is uncertain.

The claim for taxation allowances and the recoverability of the deferred tax asset is dependent on the availability of sufficient future taxable profits of the company against which unused taxation allowances and losses can be utilised. In such circumstances the company recognises that, at the statement of financial position date, it may not be appropriate to provide for the deferred tax asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

8. PROPERTY, PLANT AND EQUIPMENT	Fixtures & fittings £	Equipment £	Total £
Cost			
At 1 January 2018	388,093	20,468	408,561
Additions	226,916	-	226,916
Disposals	(21,944)	-	(21,944)
At 31 December 2018	593,065	20,468	613,533
Additions	130,792	-	130,792
Disposals	(71,855)	(18,984)	(90,839)
At 31 December 2019	652,002	1,484	653,486
Depreciation and impairment			
At 1 January 2018	159,834	15,482	175,316
Charge for the year	60,003	4,094	64,097
Eliminated on disposal	(21,944)	-	(21,944)
At 31 December 2018	197,893	19,576	217,469
Charge for the year	73,423	869	74,292
Eliminated on disposal	(71,855)	(18,984)	(90,839)
At 31 December 2019	199,461	1,461	200,922
Net book value			
At 31 December 2018	395,172	892	396,064
At 31 December 2019	452,541	23	452,564

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
9. RIGHT-OF-USE ASSET

	Land & Buildings £	Total £
Cost		
At 1 January 2019	1,984,576	1,984,576
Additions	-	-
	<u>1,984,576</u>	<u>1,984,576</u>
At 31 December 2019	<u>1,984,576</u>	<u>1,984,576</u>
Depreciation		
At 1 January 2019	-	-
Charge for the year	180,416	180,416
	<u>180,416</u>	<u>180,416</u>
At 31 December 2019	<u>180,416</u>	<u>180,416</u>
Net book value		
At 31 December 2019	<u>1,804,160</u>	<u>1,804,160</u>

The Company leases two properties in which the average lease term is 10 years.

Amounts recognised in the statement of comprehensive income

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

	2019 £
Depreciation expense on right of use asset	180,416
Interest expense on lease liabilities	34,435
Expense relating to variable lease payments not included in the measurement of the lease liability	77,011

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

10. INVENTORIES

	2019 £	2018 £
Goods for resale	<u>107,972</u>	<u>118,464</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

11. TRADE AND OTHER RECEIVABLES	2019	2018
	£	£
Trade receivables	41,506	48,774
Other receivables	1,126	13,154
Prepayments and accrued income	73,018	69,054
	<u>115,650</u>	<u>130,982</u>

The ageing analysis of trade receivables is as follows:

	2019	2018
	£	£
Neither past due nor impaired	39,573	39,017
Between 31 and 60 days	1,933	9,379
Over 61 days	-	378
	<u>41,506</u>	<u>48,774</u>

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

12. AMOUNTS DUE FROM RELATED PARTIES

	2019	2018
	£	£
Due in less than one year		
Red Carnation (UK) Limited	4,170,960	4,087,705
	<u>4,170,960</u>	<u>4,087,705</u>
Amounts due from related parties (note 20)	<u>4,170,960</u>	<u>4,087,705</u>

13. AMOUNTS DUE TO RELATED PARTIES

	2019	2018
	£	£
Due in greater than one year		
Amounts owed to related parties (note 20)	1,182,104	1,039,211
	<u>1,182,104</u>	<u>1,039,211</u>

14. TRADE AND OTHER PAYABLES

	2019	2018
	£	£
Social security and other taxes	15,735	15,263
Other payables	-	1,003
Accruals	137,854	92,753
Deferred income	140	1,211
	<u>153,729</u>	<u>110,230</u>

Deferred income consists of amounts received in advance for services to be provided in the next financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

15. AMOUNTS DUE TO RELATED PARTIES	2019	2018
	£	£
Due in less than one year		
Amounts owed to related parties (note 20)	11,251,244	11,251,244
	<u> </u>	<u> </u>

16. LEASE LIABILITIES	2019
	£
Analysed as:	
Current	168,462
Non-current	1,650,549
	<u> </u>
	1,819,011
	<u> </u>
 <i>Maturity Analysis</i>	
Current	168,462
Non-current	1,650,549
	<u> </u>
	1,819,011
	<u> </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.

17. PENSIONS

The company contributes to a defined contribution scheme. Contributions are charged to the statement of comprehensive income as incurred. The pension cost charge of £13,252 (2018: £7,710) was paid to these funds. There were no outstanding contributions at the year-end (2018: £nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

18. 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.

Liquidity risk

The company at all times maintains adequate committed credit facilities in order to meet all its commitments as and when they fall due. Long-term borrowing, where it exists, is funded from within the Travel Corporation group. The Travel Corporation Limited has guaranteed to provide any future funding requirements of the company to enable it to meet its liabilities as they fall due.

Unless disclosed, related party 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.

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

FOR THE YEAR ENDED 31 DECEMBER 2019

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value

The directors are of the opinion that the carrying value of financial instruments approximates fair value.

Impairment losses are estimated at year end by reviewing amounts outstanding and assessing the likelihood of recoverability. Group debts are all guaranteed by The Travel Corporation Limited, and therefore are considered to be fully recoverable; no provision for impairment is deemed necessary.

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.

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.

19. COMMITMENTS UNDER OPERATING LEASES

Company leases a hotel under an operating lease. The lease runs for a period of approximately 10 years with an option to review the lease after that date. The leases entered into by the Company are combined of land and buildings.

From 1 January 2019, the Company has recognised the right-of-use assets for these leases along with the lease liability and are included on balance sheet, see note 1, 2, 9 and 16 for information.

	2018
Expiry date:	£
Not later than one year	200,000
	<hr/>
	200,000
	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2019****20. RELATED PARTY TRANSACTIONS**

During the year the company provided services in respect of accommodation to related parties as follows:

	2019	2018
	£	£
Brandon Vacations	6,146	1,995

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

	2019	2018
	£	£
Red Carnation Hotels (U.K.) Limited		
Management charges and recharges	388,284	288,757
Rubens Travcorp Limited	277,011	397,428
Travcorp Financial Services Limited	142,893	142,932

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

	2019	2018
	£	£
Chesterfield (Mayfair) Limited	913	913
Travcorp Financial Services Limited	1,181,191	1,038,298
	<u>1,182,104</u>	<u>1,039,211</u>

The loan bears interest at 2% above the bank base rate (see note 13).

Amount due from related parties, which are unsecured, interest free and payable within one year:

	2019	2018
	£	£
Red Carnation (UK) Limited	4,170,960	3,988,074
Montague Management Services Limited	-	99,631
	<u>4,170,960</u>	<u>4,087,705</u>

The company had balances outstanding on interest free loans from the following group companies:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
20. RELATED PARTY TRANSACTIONS (continued)

	2019 £	2018 £
Due in less than one year		
Red Carnation Hotels (U.K.) Limited	17,066	17,066
Rubens Management Services Limited	8,422,719	8,422,719
Mountbatten Limited	194,535	194,535
Rubens Travcorp Limited	2,716,555	2,716,555
Montague Hotel Management Services Limited	(99,631)	(99,631)
	<u>11,251,244</u>	<u>11,251,244</u>

Details of the company's immediate parent and of the ultimate controlling party are included at note 23.

21. SHARE CAPITAL

	2019		2018	
	Number	£	Number	£
Allotted, called up and fully paid				
Ordinary shares of £1 each	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>
Equity shares				
Ordinary shares of £1 each	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>

22. EVENTS AFTER THE REPORTING DATE

In March 2020, a global pandemic was declared by the World Health Organisation regarding the spread of the Covid-19 virus. Due to this pandemic, the UK government, along with many overseas government, took measures to safeguard the public's health to stop the spread of the virus. These measures included the closure of hotels, restaurants and non-essential shops which has had a direct impact on the hospitality sector, and, following which, the directors and Senior Leadership took the decision to close the hotel from mid-March for a period of time. During this period no revenue will be/was generated by the hotel and so cost control is a key focus for management going forward. At the time of signing the financial statements, the timeline for the end of this pandemic is unknown however management continue to monitor the situation to ensure employee and guest safety, whilst controlling costs and accessing ongoing government support in all instances during this period to ensure the continued success and growth of the Company subsequent to this pandemic.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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.

DETAILED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2019

	2019	2018
	£	£
Revenue	3,430,972	3,342,061
Cost of sales		
Opening inventories	118,464	134,339
Purchases	172,500	214,776
Direct costs	830,538	708,538
Direct wages	922,949	844,643
National Insurance contributions	77,466	71,173
Pensions	13,252	7,710
Rates	228,137	248,987
Insurance	11,043	20,070
Rent payable	77,011	324,902
Depreciation	74,292	64,097
Depreciation on right-of-use asset	180,416	-
	<u>2,706,068</u>	<u>2,639,235</u>
Closing inventories	(107,972)	(118,464)
	<u>(2,598,096)</u>	<u>(2,520,771)</u>
Gross profit	832,876	821,290
Overheads		
Administrative expenses	(822,145)	(780,556)
Profit from operations	10,731	40,734
Finance costs	(177,328)	(142,932)
Loss before taxation	<u>(166,597)</u>	<u>(102,198)</u>

NOTES TO THE DETAILED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2019

	2019		2018	
	£	£	£	£
Administrative expenses				
Personnel costs				
Wages and salaries	169,830		165,154	
Staff national insurance contributions	16,452		15,971	
	<u> </u>		<u> </u>	
		186,282		181,125
General expenses				
Hire of equipment	4,315		3,884	
Printing, stationery and postage	10,113		9,910	
Staff welfare	39,278		51,200	
Advertising and promotion	117,881		105,606	
Management charges payable	388,284		343,824	
Auditor's remuneration and professional fees	6,188		5,721	
	<u> </u>		<u> </u>	
		566,059		520,145
Financial costs				
Credit card commission	69,769		79,248	
Bank charges	35		38	
	<u> </u>		<u> </u>	
		69,804		79,286
		<u> </u>		<u> </u>
		822,145		780,556
		<u> </u>		<u> </u>
Finance expenses				
Interest on loans from related parties		142,893		142,932
Interest expense on lease liabilities		34,435		-
		<u> </u>		<u> </u>