

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
FOR
STONEHENGE HOTELS LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2019**

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STONEHENGE HOTELS LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019

DIRECTORS:

J P Levy
N S Rubin
M D Rubin
J D Levy

REGISTERED OFFICE:

Greenhill House
90/93 Cowcross Street
London
EC1M 6BF

REGISTERED NUMBER:

04044477 (England and Wales)

AUDITORS:

Goldwyns Limited
Statutory Auditors and Chartered Accountants
Rutland House
90-92 Baxter Avenue
Southend on Sea
Essex
SS2 6HZ

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

PRINCIPAL ACTIVITY

The principal activity of the company during the year under review was a hotel operating under the IHG Holiday Inn franchise.

REVIEW OF BUSINESS

The results for the year show revenues generated of £3,588,600 (2018 - £3,576,010) and a resultant profit before tax of £152,013 (2018 - £388,446).

As usual the company continued to trade strongly during 2019, further building upon the results of the last few years. The directors were, once again, pleased with the company's results.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk to the business is inadequate occupancy of its available rooms and therefore an inability to generate sufficient revenues to service operations. The directors closely monitor the company's performance against similar companies operating in comparable markets and respond accordingly.

The company is also susceptible to any loss in key members of operational staff and therefore operates a number of performance reward and incentive programmes to mitigate these risks.

Furthermore, since balance sheet date the company, and of course the wider economy, has been severely affected by the spread of Covid-19 (Coronavirus) and the resultant Government restrictions on the leisure industry and the free movement of individuals. The directors have acted quickly to mitigate the damage in the short-term, but this has severely hampered the company's ability to trade successfully during 2020. The company therefore remains at risk of further restrictions and / or loss of trade.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

SECTION 172(1) STATEMENT

Stakeholder engagement

The board of directors have a legal responsibility under section 172 of the Companies Act 2006 to act in the way we consider, in good faith, would be most likely to promote the company's success for the benefit of its members as a whole, and to have regard to the long-term effect of our decisions on the company and its stakeholders. This statement addresses the ways in which we as a board handle this responsibility.

Decision making

Regular operational and strategic meetings are held by the directors and general managers. This ensures the board has access to the key factors affecting all areas of the business' decision making, shorter term or longer.

Furthermore, the company is in constant communication with IHG and various industry specific news sources. This enables the directors to keep abreast of, and address, all longer-term shifts in the company's operating markets.

Employee engagement

The company maintains a diverse workforce of local employees spanning all aspects of the hotel delivery, supplemented by outsourced staff and suppliers where necessary. Staff are rewarded in line with comparable local markets, provided with specific training relevant to their needs and have access to wider industry opportunities as a result of the same.

Business relationships

The company actively maintains strong relationships with its key suppliers and support functions, to ensure it has access to the resources it needs to operate effectively.

The wider franchise ensures the company has access to a broad array of customers, visiting for various purposes. The company monitors compliance with brand standards to ensure all customers' expectations are satisfied and deliver the best possible service it can achieve.

Community and environmental impact

The directors remain ever conscious of the impact their business has on the local community and environment. As well as being a supportive local employer, the company also complies with all franchise environmental incentives.

Business conduct

The directors closely monitor the company's service delivery to ensure at all times the business is honest, fair and professional in its conduct with all stakeholders.

Shareholder engagement

The company is actively managed by its shareholders, who are all represented on the board of directors.

ON BEHALF OF THE BOARD:

J D Levy - Director

30 September 2020

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their report with the financial statements of the company for the year ended 31 December 2019.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2019.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

J P Levy
N S Rubin
M D Rubin
J D Levy

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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;
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Goldwyns Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

J D Levy - Director

30 September 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF STONEHENGE HOTELS LIMITED

Opinion

We have audited the financial statements of Stonehenge Hotels Limited (the 'company') for the year ended 31 December 2019 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 Auditors' 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.

Material uncertainties related to going concern

We draw attention to note 20 in the financial statements, which details the material uncertainties arising that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF STONEHENGE HOTELS LIMITED

Matters on which we are required to report by exception

In the 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 Report of the Directors.

We have nothing to report in respect of the following matters where 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 Statement of Directors' Responsibilities set out on page four, 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 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.

Auditors' 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 a Report of the Auditors 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 Report of the Auditors.

Use of our 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 a Report of the Auditors 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.

S Blundell ACA (Senior Statutory Auditor)
for and on behalf of Goldwyns Limited
Statutory Auditors and Chartered Accountants
Rutland House
90-92 Baxter Avenue
Southend on Sea
Essex
SS2 6HZ

1 October 2020

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

	Notes	2019 £	2018 £
TURNOVER		3,588,600	3,576,010
Cost of sales		<u>1,772,266</u>	<u>1,771,222</u>
GROSS PROFIT		1,816,334	1,804,788
Administrative expenses		<u>1,410,039</u>	<u>1,174,660</u>
OPERATING PROFIT	4	406,295	630,128
Interest receivable and similar income		<u>-</u>	<u>15</u>
		406,295	630,143
Interest payable and similar expenses	5	<u>254,282</u>	<u>241,697</u>
PROFIT BEFORE TAXATION		152,013	388,446
Tax on profit	6	<u>61,220</u>	<u>20,300</u>
PROFIT FOR THE FINANCIAL YEAR		<u>90,793</u>	<u>368,146</u>

The notes form part of these financial statements

STONEHENGE HOTELS LIMITED (REGISTERED NUMBER: 04044477)

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
PROFIT FOR THE YEAR		90,793	368,146
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>90,793</u>	<u>368,146</u>

The notes form part of these financial statements

BALANCE SHEET
31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
FIXED ASSETS					
Tangible assets	7		9,149,623		9,406,528
CURRENT ASSETS					
Stocks	8	14,813		13,397	
Debtors	9	3,949,541		952,369	
Cash at bank and in hand		<u>40,503</u>		<u>61,716</u>	
		4,004,857		1,027,482	
CREDITORS					
Amounts falling due within one year	10	<u>1,486,890</u>		<u>1,907,153</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>2,517,967</u>		<u>(879,671)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			11,667,590		8,526,857
CREDITORS					
Amounts falling due after more than one year	11		(11,741,007)		(8,752,287)
PROVISIONS FOR LIABILITIES	15		<u>(81,520)</u>		<u>(20,300)</u>
NET LIABILITIES			<u>(154,937)</u>		<u>(245,730)</u>
CAPITAL AND RESERVES					
Called up share capital	16		2		2
Retained earnings	17		<u>(154,939)</u>		<u>(245,732)</u>
SHAREHOLDERS' FUNDS			<u>(154,937)</u>		<u>(245,730)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 September 2020 and were signed on its behalf by:

J D Levy - Director

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

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2018	2	(613,878)	(613,876)
Changes in equity			
Total comprehensive income	-	368,146	368,146
Balance at 31 December 2018	<u>2</u>	<u>(245,732)</u>	<u>(245,730)</u>
Changes in equity			
Total comprehensive income	-	90,793	90,793
Balance at 31 December 2019	<u>2</u>	<u>(154,939)</u>	<u>(154,937)</u>

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

1. **STATUTORY INFORMATION**

Stonehenge Hotels Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The company trades from its leased property in Amesbury, Wiltshire.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

Turnover

Turnover represents the income receivable by the company from its trading activities as a hotel. Sales encompass room hire, food and beverage income and all other associated ancillary hotel and guest services. Turnover is recognised in the period in which the physical goods are sold, as services are performed or otherwise as entitlement accrues to the company.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

- Leasehold property - in accordance with the property
- Equipment - 20% on reducing balance and over remaining period of the lease

3. **EMPLOYEES AND DIRECTORS**

	2019 £	2018 £
Wages and salaries	992,914	978,348
Social security costs	66,195	64,742
Other pension costs	20,745	16,945
	<u>1,079,854</u>	<u>1,060,035</u>

The average number of employees during the year was as follows:

	2019	2018
Staff	71	70
Directors	<u>4</u>	<u>4</u>
	<u>75</u>	<u>74</u>

	2019 £	2018 £
Directors' remuneration	<u>-</u>	<u>-</u>

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

4. OPERATING PROFIT

The operating profit is stated after charging:

	2019	2018
	£	£
Depreciation - owned assets	159,518	196,803
Depreciation - assets on hire purchase contracts and finance leases	118,038	119,319
Auditors' remuneration	9,500	15,500
Audit remuneration - other non-audit services	<u>5,500</u>	<u>5,700</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£	£
Leasing interest	<u>254,282</u>	<u>241,697</u>

6. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2019	2018
	£	£
Deferred tax	61,220	20,300
Tax on profit	<u>61,220</u>	<u>20,300</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2019	2018
	£	£
Profit before tax	<u>152,013</u>	<u>388,446</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	28,882	73,805
Effects of:		
Expenses not deductible for tax purposes	32,338	19,504
Brought forward provisions not recognised	-	(73,009)
Total tax charge	<u>61,220</u>	<u>20,300</u>

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

7. TANGIBLE FIXED ASSETS

	Leasehold property £	Equipment £	Totals £
COST			
At 1 January 2019	8,862,436	1,763,986	10,626,422
Additions	-	20,651	20,651
At 31 December 2019	8,862,436	1,784,637	10,647,073
DEPRECIATION			
At 1 January 2019	273,659	946,235	1,219,894
Charge for year	102,666	174,890	277,556
At 31 December 2019	376,325	1,121,125	1,497,450
NET BOOK VALUE			
At 31 December 2019	8,486,111	663,512	9,149,623
At 31 December 2018	8,588,777	817,751	9,406,528

On 13 December 2017, the company entered into an agreement to lease the property from which it trades for a period of 150 years. This lease therefore amounts to a financing lease, as the company will derive benefit from the property throughout its useful life, and has been recognised accordingly.

The property interest is being depreciated over 75 years.

Fixed assets, included in the above, which are held under hire purchase contracts and finance leases are as follows:

	Leasehold property £	Equipment £	Totals £
COST			
At 1 January 2019 and 31 December 2019	8,700,000	46,114	8,746,114
DEPRECIATION			
At 1 January 2019	111,223	16,652	127,875
Charge for year	102,666	15,372	118,038
At 31 December 2019	213,889	32,024	245,913
NET BOOK VALUE			
At 31 December 2019	8,486,111	14,090	8,500,201
At 31 December 2018	8,588,777	29,462	8,618,239

8. STOCKS

	2019 £	2018 £
Stocks	14,813	13,397

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

9. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £	2018 £
Trade debtors	101,070	53,801
Amounts owed by group undertakings	3,473,226	696,926
Other debtors	187,084	116,836
Prepayments	188,161	84,806
	<u>3,949,541</u>	<u>952,369</u>

10. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £	2018 £
Bank loans and overdrafts (see note 12)	70,479	-
Hire purchase contracts and finance leases (see note 13)	16,185	15,222
Trade creditors	186,598	174,235
Amounts owed to group undertakings	600,000	600,000
Social security and other taxes	65,985	135,909
Other creditors	159,198	196,523
Accrued expenses	388,445	785,264
	<u>1,486,890</u>	<u>1,907,153</u>

11. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2019 £	2018 £
Bank loans (see note 12)	2,933,117	-
Hire purchase contracts and finance leases (see note 13)	8,807,890	8,752,287
	<u>11,741,007</u>	<u>8,752,287</u>

12. **LOANS**

An analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year or on demand:		
Bank loans	<u>70,479</u>	<u>-</u>
Amounts falling due between one and two years:		
Bank loans	<u>70,479</u>	<u>-</u>
Amounts falling due between two and five years:		
Bank loans	<u>2,862,638</u>	<u>-</u>

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

13. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts		Finance leases	
	2019	2018	2019	2018
	£	£	£	£
Gross obligations repayable:				
Within one year	18,015	18,773	252,730	245,777
Between one and five years	-	18,015	1,032,963	995,868
In more than five years	-	-	57,942,469	57,111,417
	<u>18,015</u>	<u>36,788</u>	<u>59,228,162</u>	<u>58,353,062</u>
Finance charges repayable:				
Within one year	1,830	3,551	252,730	245,777
Between one and five years	-	1,830	1,032,963	995,868
In more than five years	-	-	49,134,579	48,375,315
	<u>1,830</u>	<u>5,381</u>	<u>50,420,272</u>	<u>49,616,960</u>
Net obligations repayable:				
Within one year	16,185	15,222	-	-
Between one and five years	-	16,185	-	-
In more than five years	-	-	8,807,890	8,736,102
	<u>16,185</u>	<u>31,407</u>	<u>8,807,890</u>	<u>8,736,102</u>

On 13 December 2017, the company entered into an agreement to lease the property from which it trades for a period of 150 years. This transaction amounts to a finance lease and has been recognised accordingly. The company is liable for an annual rent of £170,000 per annum, subject to an annual increase as determined by any changes in the retail price index but subject to a minimum of 1% and a maximum of 4%.

Throughout the initial period of the lease the annual interest arising will exceed the rental repayments due and therefore the company's recognised finance liability will continue to increase.

14. SECURED DEBTS

The following secured debts are included within creditors:

	2019	2018
	£	£
Bank loans	3,003,596	-
Hire purchase contracts and finance leases	8,824,075	8,767,509
	<u>11,827,671</u>	<u>8,767,509</u>

The company had also given cross-guarantees in respect of other associated companies' debts. At the balance sheet date, those companies' liabilities to the bank totalled £11,837,125 (2018 - £nil).

The company has given fixed and floating charges over all of its interests in the property (and any proceeds arising therefrom) as security for its bank loans, and its cross-guarantee.

Hire purchase contracts and finance lease liabilities are secured on the assets to which they relate.

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

15. PROVISIONS FOR LIABILITIES

	2019 £	2018 £
Deferred tax	<u>81,520</u>	<u>20,300</u>
		Deferred tax £
Balance at 1 January 2019		20,300
Accelerated capital allowance		(23,970)
Losses carried forward		85,750
Other movements		<u>(560)</u>
Balance at 31 December 2019		<u>81,520</u>

Deferred tax provisions primarily represent the timing differences arising on accelerated capital allowance reliefs available in excess of accounting depreciation, less cumulative losses carried forward.

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid: Number:	Class:	Nominal value: £1	2019 £	2018 £
2	Ordinary	£1	<u>2</u>	<u>2</u>

17. RESERVES

	Retained earnings £
At 1 January 2019	(245,732)
Profit for the year	<u>90,793</u>
At 31 December 2019	<u>(154,939)</u>

18. PENSION COMMITMENTS

The company operates a defined contribution scheme in respect of its eligible employees. During the year, total contributions to this scheme amounted to £20,745 (2018 - £16,945). At the balance sheet date the total contributions outstanding amounted to £6,448 (2018 - £3,491).

19. RELATED PARTY DISCLOSURES

During the year the company's total compensation to key management personnel (including directors) amounted to £84,721 (2018 - £70,918).

The company also utilises management services by a company under common control. During the year total costs arising for these management services amounted to £184,738 (2018 - £118,760). At the balance sheet date £170,000 was owed by, and the company owed £60,000 to, other companies under common control (2018 - £110,000 and £110,000 respectively).

The company's entire issued share capital was owned by Lilac Limited, a company registered in Guernsey.

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

BGAM Hotels (SH) Limited is regarded by the directors as being the company's ultimate parent company.

20. GOING CONCERN

Since the balance sheet date, but prior to the completion of these financial statements, the UK was struck by the Covid-19 pandemic. This resulted in the widescale restriction of free movement and an enforced closure of hotels such as the company's. Although the company has since been able to start re-opening, it has been adversely affected by a substantial period of no turnover, and still remains below normal occupancy levels.

The directors acted quickly to mitigate the short-term damage to the company. However, various ongoing restrictions, operational challenges and the ever present risk of further lockdowns (local or national) prove challenging. These represent uncertainties beyond the company's control, which could therefore hamper the company's ability to settle its liabilities as they fall due, should the situation continue for the foreseeable future.

Whilst these uncertainties are significant, early signs are encouraging and the company has a number of contingency options in place. The financial statements are therefore still drawn up on a going concern basis.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.