Company Registration No. 04434749

Annual Report for the year ended 31 December 2017

bbar Restaurant Limited

COMPANY INFORMATION

Directors	J J Raggett V O'Hana
Company Secretary	S Royce
Company registration number	04434749
Registered office	35 Charles Street London W1J 5EB
Auditor	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD

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YEAR ENDED 31 DECEMBER 2017

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2017

The Directors present their report strategic report for the company for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of restauranteurs.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Revenue in the year decreased by 9% (2016: 8% decrease on prior year) from £966,937 to £876,028.

The key performance indicator that we use to monitor business performance is EBITDA (Earnings before interest, taxation, depreciation and amortisation). The EBITDA decreased by £110,245 to a loss of £556,088 (2016: loss of £445,843) primarily due to the fall in revenue and pressures on margins.

The company is currently in a net liability position with total liabilities exceeding total assets by £4,818,672 (2016: £4,275,055) and continues to be reliant on the support of its ultimate parent.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £543,617 (2016: £459,928). The directors do not recommend the payment of a dividend (2016: £nil).

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

The most significant risks and uncertainties relate to factors that are common to the restaurant 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.

Bbar mitigate 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.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

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

Signed by order of the board of Directors

J J Raggett
Director
Date: 9th August 2018

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2017

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

MATTERS COVERED IN THE STRATEGIC REPORT

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

FINANCIAL INSTRUMENTS

Details of the company's financial risk management objectives and policies are included in note 14 to the accounts.

DIRECTORS

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

J J Raggett
V O'Hana

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

GOING CONCERN

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

POLITICAL DONATIONS

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

EVENTS AFTER THE REPORTING DATE

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

DISCLOSURE OF INFORMATION TO THE AUDITOR

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

AUDITOR

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

Signed by order of the board of Directors

J J Raggett
Director

Date: 9th August 2018

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

YEAR ENDED 31 DECEMBER 2017

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BBAR RESTAURANT LIMITED

YEAR ENDED 31 DECEMBER 2017

Opinion

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

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit report

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

Rachel Lawton

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: 13 August 2018

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
Revenue	2	876,028	966,937
Cost of sales		(1,092,837)	(1,090,526)
Gross loss		(216,809)	(123,589)
Administrative expenses		(401,953)	(393,477)
Loss from operations	3	(618,762)	(517,066)
Finance costs	5	(32,531)	(16,755)
Loss before tax		(651,293)	(533,821)
Taxation credit	6	107,676	73,893
Loss for the year		(543,617)	(459,928)
Other comprehensive income:		-	-
Total comprehensive income for the year		(543,617)	(459,928)

The notes on pages 13 to 26 form part of these financial statements.

All results relate to continuing operations.

bbar Restaurant Limited

Company Registration No. 04434749

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Non-current assets			
Property, plant and equipment	7	-	-
Current assets			
Inventories	8	28,865	25,105
Trade and other receivables	9	28,564	17,886
Cash and cash equivalents	10	18,512	17,203
		75,941	60,194
Total assets		75,941	60,194
Non-current liabilities			
Amounts due to related parties	11	469,254	436,723
Current liabilities			
Amounts due to related parties	12	4,374,773	3,865,222
Other payables	13	50,586	33,304
		4,425,359	3,898,526
Total liabilities		4,894,613	4,335,249
Equity			
Share capital	17	1	1
Retained earnings		(4,818,673)	(4,275,056)
Total equity		(4,818,672)	(4,275,055)
Total liabilities and equity		75,941	60,194

The notes on pages 13 to 26 form part of these financial statements.

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

J J Raggett
Director

Date: 9th August 2018.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Share capital £	Retained earnings £	Total £
At 1 January 2016		1	(3,815,128)	(3,815,127)
Total comprehensive income for the year		-	(459,928)	(459,928)
At 1 January 2017		1	(4,275,056)	(4,275,055)
Total comprehensive income for the year		-	(543,617)	(543,617)
At 31 December 2017	**17**	1	(4,818,673)	(4,818,672)

The notes on pages 13 to 26 form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Loss after taxation		(543,617)	(459,928)
Adjustments for:			
Impairment of property, plant and equipment	7	62,674	71,223
Finance costs	5	32,531	16,755
Taxation	6	(107,676)	(73,893)
Cash flows from operations before changes in working capital		(556,088)	(445,843)
Increase in inventories		(3,760)	(4,452)
Decrease in trade and other receivables		23,105	17,363
Increase in other payables		17,282	4,093
Cash used in operations		(519,461)	(428,839)
Interest paid	5	(32,531)	(16,755)
Tax received		73,893	72,866
Net cash used in operating activities		(478,099)	(372,728)
Cash flows used in investing activities			
Purchase of property, plant and equipment	7	(62,674)	(71,223)
Net cash used in investing activities		(62,674)	(71,223)
Cash flows from financing activities			
Increase in amounts due to related parties		542,082	452,109
Net cash from financing activities		542,082	452,109
Net increase in cash and cash equivalents		1,309	8,158
Cash and cash equivalents at 1 January		17,203	9,045
Cash and cash equivalents at 31 December	10	18,512	17,203

The notes on pages 13 to 26 form part of these financial statements.

1. ACCOUNTING POLICIES

General information

bbar Restaurant Limited is a private company incorporated and domiciled in England and Wales.

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

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. These financial statements have been prepared under 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.

As shown in the accompanying financial statements, the company's total liabilities exceed its total assets by £4,818,672 at 31 December 2017. The company's ultimate parent has represented that it will continue to provide ongoing financial support to enable the company to meet its financial obligations and that the company will not be required to pay obligations owed to any group entities while its liabilities exceed its assets. The ability of the company to continue as a going concern is dependent on this ongoing financial support and based on this they continue to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements do not include any adjustments that might be necessary if the company is unable to continue as a going concern.

Revenue recognition

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

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

Property, plant and equipment

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

Depreciation

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

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

Inventories

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

1. ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset. The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the statement of comprehensive income. If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

Operating lease - lessee

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

Pension costs

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

1. ACCOUNTING POLICIES (continued)

Deferred tax (continued)

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

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

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

Financial instruments

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

Impairment of tangible and intangible assets

At each statement of financial position date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised as income immediately.

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.

1. ACCOUNTING POLICIES (continued)

Financial assets (continued)

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, interest-bearing 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.

1. ACCOUNTING POLICIES (continued)

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

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

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

Standards, amendments and interpretations in issue but not yet effective

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

	EU effective date – periods beginning on or after	Non-EU effective date – periods beginning on or after
Amendments to IAS 28 *Investments in Associates and Joint Ventures*: Long-term interests in Associates and Joint Ventures	Expected to be endorsed 2018	1 January 2019
Amendment to IAS 40 *Investment Property*: Transfers of investment property	Expected to be endorsed Q1 2018	1 January 2018
Amendment to IFRS 2 *Share-based Payment*: Classification and measurement of share-based payment transactions	Expected to be endorsed Q1 2018	1 January 2018
IFRS 9 *Financial Instruments*	1 January 2018	1 January 2018
Amendments to IFRS 9 *Financial Instruments*: Prepayment features with negative compensation	Expected to be endorsed 2018	1 January 2019
IFRS 15 *Revenue from Contracts with Customers*	1 January 2018	1 January 2018
IFRS 16 *Leases*	1 January 2019	1 January 2019
Annual Improvements to IFRSs (2014 - 2016)	1 January 2018	1 January 2018

1. ACCOUNTING POLICIES (continued)

Standards, amendments and interpretations in issue but not yet effective (continued)

Annual Improvements to IFRSs (2015 - 2017)	Expected to be endorsed 2018	1 January 2019
IFRIC 22 *Foreign Currency Transactions and Advance Consideration*	Expected to be endorsed Q1 2018	1 January 2018
IFRIC 23 *Uncertainty over Income Tax Treatments*	Expected to be endorsed 2018	1 January 2019

Standards, amendments and interpretations in issue but not yet effective (continued)

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

Impact of IFRS 15 Revenue from Contracts with Customers

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

Impact of IFRS 16 Leases

The Group has performed a preliminary high-level assessment of the new standard on its existing operating leasing arrangements as a lessee (Note 15). Based on this preliminary assessment, the Group expects these operating leases to be recognised as Right of Use Assets with corresponding lease liabilities. The Group plans to adopt the standard when it becomes effective in 2019.

Critical accounting judgements and sources of estimate uncertainty

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

2. REVENUE

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

	2017	2016
	£	£
United Kingdom	876,028	966,937

3. LOSS FROM OPERATIONS

Operating loss for the year is stated after charging:		2017 £	2016 £
Impairment of property, plant and equipment		62,674	71,223
Auditors' remuneration	- as auditors	6,070	6,070
	- taxation services	850	850
	- other services	352	352
Operating lease costs:			
Land and buildings		100,000	100,000

4. STAFF NUMBERS AND COSTS

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

	2017 Number	2016 Number
Administration staff	1	1
Other staff – services	18	19
	19	20

The aggregate payroll costs of the above were:	2017 £	2016 £
Wages and salaries	458,606	451,925
Social security costs	39,851	36,317
Pension costs	2,782	2,639
	501,239	490,881

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

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

5. FINANCE COSTS

	2017 £	2016 £
Interest payable on loans from related parties (note 16)	32,531	16,755

6. TAXATION

(a) Analysis of credit in the year

	2017	2016
	£	£
Current tax:		
Adjustment in respect of prior years	107,676	73,893
Total tax credit	107,676	73,893

(b) Factors affecting current tax credit

The tax assessed on the loss for the year varies from the effective rate of corporation tax in the UK of 19.25% (2016: 20%).

	2017	2016
	£	£
Loss before taxation	(651,293)	(533,821)
Loss at effective rate of 19.25% (2016: 20%)	(125,352)	(106,764)
Expenses not deductible for tax purposes	122	-
Depreciation in excess of capital allowances claimed	816	2,456
Adjustment to deferred tax	14,522	22,745
Deferred tax not recognised	109,892	81,563
Adjustment in respect of prior years	(107,676)	(73,893)
Total current tax credit (note 6(a))	(107,676)	(73,893)

(c) Factors that may affect future tax charges

No provision has been made for a deferred tax asset of £nil calculated at 17% (2016: £209,352 calculated at 17% arising from depreciation of equipment, fixtures and fittings in excess of taxation allowances available and available losses because the timing of profits is uncertain.

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

7. **PROPERTY, PLANT AND EQUIPMENT**

	Fixtures & fittings £	Equipment £	Total £
Cost			
At 1 January 2016	1,578,564	21,856	1,600,420
Additions	63,163	8,060	71,223
At 1 January 2017	1,641,727	29,916	1,671,643
Additions	62,674	-	62,674
At 31 December 2017	1,704,401	29,916	1,734,317
Depreciation and impairment			
At 1 January 2016	1,578,564	21,856	1,600,420
Impairment	63,163	8,060	71,223
At 1 January 2017	1,641,727	29,916	1,671,643
Impairment	62,674	-	62,674
At 31 December 2017	1,704,401	29,916	1,734,317
Net book value			
At 1 January 2016, 31 December 2016 and 31 December 2017	-	-	-

8. INVENTORIES

	2017	2016
	£	£
Goods for resale	28,865	25,105

9. TRADE AND OTHER RECEVIABLES

	2017	2016
	£	£
Prepayments and accrued income	28,564	17,886

10. CASH AND CASH EQUIVALENTS

	2017	2016
	£	£
Cash and cash equivalents	18,512	17,203

11. AMOUNTS DUE TO RELATED PARTIES

	2017	2016
	£	£
Due in more than one year		
Amounts owed to related parties (note 16)	469,254	436,723

12. AMOUNTS DUE TO RELATED PARTIES

	2017	2016
	£	£
Due in less than one year		
Amounts owed to related parties (note 16)	4,374,773	3,865,222

13. OTHER PAYABLES

	2017	2016
	£	£
Social security and other taxes	8,489	9,542
Other payables	699	772
Accruals	41,398	22,990
	50,586	33,304

14. 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. Travcorp Financial Services Limited has guaranteed to provide any future funding requirements of the company to enable it to meet its liabilities as they fall due. Unless disclosed, related party loans do not bear interest and the directors are of the opinion that the carrying value is not materiality 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.

Fair value

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

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

15. COMMITMENTS UNDER OPERATING LEASES

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 company has entered into operating leases in respect of properties and equipment. The total of future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings	
Expiry date:	**2017**	**2016**
Not later than one year	100,000	100,000
	100,000	100,000

16. RELATED PARTY TRANSACTIONS

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

		2017	**2016**
		£	**£**
Red Carnation Hotels (U.K.) Limited	Management charges and recharges	276,056	269,985
Rubens Travcorp Limited	Rent (note 3)	100,000	100,000
The Travel Corporation Limited	Loan interest	-	16,755
Travcorp Financial Services Limited	Loan interest	32,531	-

16. RELATED PARTY TRANSACTIONS (continued)

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

	2017	2016
	£	£
The Travel Corporation Limited	-	436,723
Travcorp Financial Services Limited	469,254	-

On 1 January 2017 the loan was transferred to Travcorp Financial Services Limited. The loan bears interest at 2% above the bank base rate (see note 11).

Amounts owed to related parties which are unsecured, interest free and payable on demand:

	2017	2016
	£	£
Red Carnation Hotels (U.K.) Limited	3,773,648	3,464,097
Trafalgar Management Services Limited	1,125	1,125
Rubens Travcorp Limited	600,000	400,000
	4,374,773	3,865,222

Details of the company's immediate parent and of the ultimate controlling party are included at note 19.

17. SHARE CAPITAL

		2017		2016
	Number	£	Number	£
Allotted, called up and fully paid				
Ordinary shares of £1 each	1	1	1	1
Equity shares				
Ordinary shares of £1 each	1	1	1	1

18. EVENTS AFTER THE REPORTING DATE

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

19. 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. 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 2017

		2017		2016
	£	£	£	£
Revenue		876,028		966,937
Cost of sales				
Opening inventories	25,105		20,653	
Purchases	250,543		263,613	
Direct costs	193,729		183,060	
Direct wages	398,082		392,851	
National Insurance contributions	30,615		27,985	
Rates	49,094		48,246	
Pensions	2,782		2,639	
Insurance	5,318		5,361	
Rent payable	100,000		100,000	
Impairment of property, plant and Equipment	62,674		71,223	
	1,121,702		1,115,631	
Closing inventories	(28,865)		(25,105)	
		(1,092,837)		(1,090,526)
Gross loss		(216,809)		(123,589)
Overheads				
Administrative expenses		(401,953)		(393,477)
Loss from operations		(618,762)		(517,066)
Finance income				-
Finance costs		(32,531)		(16,755)
Loss before taxation		(651,293)		(533,821)

NOTES TO THE DETAILED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2017

		2017		2016
	£	£	£	£
Administrative expenses				
Personnel costs	60,524		59,074	
National insurance contributions	9,236		8,332	
		69,760		67,406
General expenses				
Hire of equipment	5,796		2,410	
Printing, stationery and postage	1,286		697	
Staff welfare	26,077		24,442	
Advertising and promotion	-		8,349	
Entertaining	3,688		-	
Management charges payable	276,056		269,985	
Auditor's remuneration and professional fees	6,037		6,199	
		318,940		312,082
Financial costs				
Credit card commission	13,124		13,833	
Bank charges	129		156	
		13,253		13,989
		401,953		393,477
Finance income				
Bank interest receivable		-		-
Finance costs				
Interest on loans from related parties		32,531		16,755