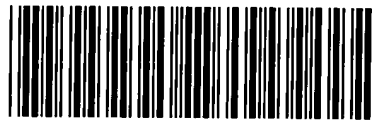


Company Registration No. 04434749

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

bbar Restaurant Limited

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COMPANIES HOUSE

COMPANY INFORMATION

Directors

J Raggett
V O'Hana

Company Secretary

S Royce

Company registration number

04434749

Registered office

14 Grosvenor Place
London
SW1X 7HH

Auditor

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

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

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

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was that of restaurateurs, operating a restaurant within a 5 star hotel in London.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

There has been an increase in revenue of 167.3% (2020: decrease of 75.8%) from £258,130 to £689,933, the increase in revenue in the year is due to the hospitality market improving over the course of the year as lock downs and restrictions in relation to Covid-19 relaxed. The EBITDA improved by 53.9% to a loss of £159,292 (2020: loss of £345,773).

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

The Company is currently in a net liability position with total liabilities exceeding total assets by £6,396,855 (2020: £6,079,794) and continues to be reliant on the support of its ultimate parent.

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

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £317,061 (2020: loss of £463,381). The Directors do not recommend the payment of a dividend (2020: £nil).

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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 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.

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

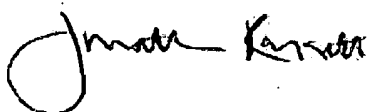
PRINCIPAL RISKS AND UNCERTAINTIES (continued)

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

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

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

Signed by order of the board of Directors



J J Raggett

Director

Date: 01.07.2022

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

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

MATTERS COVERED IN THE STRATEGIC REPORT

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

FINANCIAL INSTRUMENTS

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

DIRECTORS

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

J J Raggett
V O'Hana

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

GOING CONCERN

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

The Directors have considered the ongoing impact of COVID-19 in making their going concern assessment based on the current situation and the impact on the Company and consider the going concern assessment to be appropriate. The Company is in a net liability position at the year end and the Company's ultimate parent has represented that it will continue to provide ongoing financial support to enable the Company to meet its financial obligations and that the Company will not be required to pay obligations owed to any group entities while its liabilities exceed its assets.

POLITICAL DONATIONS

The Company made no political donations during the financial year (2020: £nil).

EVENTS AFTER THE REPORTING DATE

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

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.

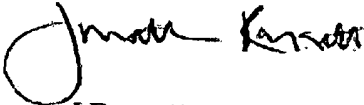
DIRECTORS' REPORT (continued)

YEAR ENDED 31 DECEMBER 2021

AUDITOR

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

Signed by order of the board of Directors



J J Raggett
Director

Date: 01.07.2022

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether accordance with UK-adopted international accounting standards 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 (continued)****FOR THE YEAR ENDED 31 DECEMBER 2021**

Opinion

We have audited the financial statements of bbar Restaurant Limited (the 'Company') for the year ended 31 December 2021 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
OF BBAR RESTAURANT LIMITED (continued)****FOR THE YEAR ENDED 31 DECEMBER 2021**

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
OF BBAR RESTAURANT LIMITED (continued)****FOR THE YEAR ENDED 31 DECEMBER 2021**

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
OF BBAR RESTAURANT LIMITED (continued)**

FOR THE YEAR ENDED 31 DECEMBER 2021

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

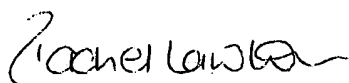
- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing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

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

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

Use of the audit report

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



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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | 2021 £ | 2020 £ |
|--|------|-----------|-----------|
| Revenue | 2 | 689,933 | 258,130 |
| Cost of sales | | (715,711) | (596,874) |
| Gross loss | | (25,778) | (338,744) |
| Administrative expenses | | (334,017) | (320,072) |
| Other operating income | 3 | 88,805 | 142,150 |
| Loss from operations | 4 | (270,990) | (516,666) |
| Finance costs | 6 | (46,071) | (49,470) |
| Loss before tax | | (317,061) | (566,136) |
| Taxation | 7 | - | 102,755 |
| Loss for the year | | (317,061) | (463,381) |
| Other comprehensive income | | - | - |
| Total comprehensive loss for the year | | (317,061) | (463,381) |

The notes on pages 13 to 28 form part of these financial statements.

All results relate to continuing operations.

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

| | Note | 2021 £ | 2020 £ |
|-------------------------------------|------|--------------------|--------------------|
| Non-current assets | | | |
| Property, plant and equipment | 8 | - | - |
| Right of use assets | 9 | 721,664 | 811,872 |
| | | <u>721,664</u> | <u>811,872</u> |
| Current assets | | | |
| Inventories | 10 | 21,113 | 20,291 |
| Trade and other receivables | 11 | 4,102 | 6,634 |
| Cash and cash equivalents | 12 | 8,854 | 1,048 |
| Amounts due from related parties | 13 | 102,755 | 102,755 |
| | | <u>136,824</u> | <u>130,728</u> |
| Total assets | | <u>858,488</u> | <u>942,600</u> |
| Non-current liabilities | | | |
| Amounts due to related parties | 14 | 617,723 | 585,946 |
| Obligations under leases | 17 | 652,364 | 739,569 |
| | | <u>1,270,087</u> | <u>1,325,515</u> |
| Current liabilities | | | |
| Amounts due to related parties | 15 | 5,828,926 | 5,568,396 |
| Other payables | 16 | 69,124 | 42,778 |
| Obligations under leases | 17 | 87,206 | 85,705 |
| | | <u>5,985,256</u> | <u>5,696,879</u> |
| Total liabilities | | <u>7,255,343</u> | <u>7,022,394</u> |
| Equity | | | |
| Share capital | 20 | 1 | 1 |
| Retained earnings | | <u>(6,395,856)</u> | <u>(6,079,795)</u> |
| Total equity | | <u>(6,396,855)</u> | <u>(6,079,794)</u> |
| Total liabilities and equity | | <u>858,488</u> | <u>942,600</u> |

The notes on pages 13 to 28 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: 01.07.2022

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

| | Share capital £ | Retained earnings £ | Total £ |
|---------------------------------------|--------------------------------|------------------------------------|--------------------|
| At 1 January 2020 | 1 | (5,616,414) | (5,616,413) |
| Total comprehensive loss for the year | - | (463,381) | (463,381) |
| At 1 January 2021 | 1 | (6,079,795) | (6,079,794) |
| Total comprehensive loss for the year | - | (317,061) | (317,061) |
| At 31 December 2021 | 1 | (6,396,856) | (6,396,855) |

The notes on pages 13 to 28 form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | 2021 £ | 2020 £ |
|--|-------|-----------|-----------|
| Cash flows from operating activities | | | |
| Loss after taxation | | (317,061) | (463,381) |
| <i>Adjustments for:</i> | | | |
| Impairment of property, plant and equipment | 8 | 21,490 | 80,685 |
| Depreciation on right-of-use-asset | 9 | 90,208 | 90,208 |
| Finance costs | 6 | 46,071 | 49,470 |
| Taxation | 7 | - | (102,755) |
| Cash flows used in operations before changes in working capital | | (159,292) | (345,773) |
| (Increase)/decrease in inventories | 10 | (822) | 4,183 |
| Decrease/(increase) in trade and other receivables | 11 | 2,532 | (87,886) |
| Increase in other payables | 16 | 26,346 | 1,141 |
| Cash used in operations | | (131,236) | (428,335) |
| Interest paid | 6 | (31,776) | (33,701) |
| Tax received | 7 | - | 103,778 |
| Net cash used in operating activities | | (163,012) | (358,258) |
| Cash flows used in investing activities | | | |
| Purchase of property, plant and equipment | 8 | (21,490) | (80,598) |
| Net cash used in investing activities | | (21,490) | (80,598) |
| Cash flows from financing activities | | | |
| Increase in amounts due to related parties | 14,15 | 292,307 | 526,292 |
| Interest on lease liability | 6 | (14,295) | (15,769) |
| Decrease in lease liabilities | 17 | (85,704) | (84,232) |
| Net cash generated from financing activities | | 192,308 | 426,291 |
| Net increase/(decrease) in cash and cash equivalents | | 7,806 | (12,565) |
| Cash and cash equivalents at 1 January | | 1,048 | 13,613 |
| Cash and cash equivalents at 31 December | 12 | 8,854 | 1,048 |

The notes on pages 13 to 28 form part of these financial statements.

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

1. ACCOUNTING POLICIES**General information**

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

Basis of preparation

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

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. The directors have considered the ongoing impact of COVID-19 in making their going concern assessment based on the current situation and the impact on the Company and consider the going concern assessment to be appropriate.

As shown in the accompanying financial statements, the Company's total liabilities exceed its total assets by £6,396,855 at 31 December 2021. The Company's ultimate parent has represented that it will continue to provide ongoing financial support to enable the Company to meet its financial obligations and that the Company will not be required to pay obligations owed to any group entities while its liabilities exceed its assets. The ability of the Company to continue as a going concern is dependent on this ongoing financial support and based on this they continue to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Revenue recognition

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

Property, plant and equipment

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

Depreciation 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 |

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

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

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.

Government grants

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

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

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

Current tax

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

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

1. ACCOUNTING POLICIES (continued)**Deferred tax**

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

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

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

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

Financial instruments

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

Financial assets

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

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

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

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

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

1. ACCOUNTING POLICIES (continued)**Financial instruments (continued)*****Financial liabilities***

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

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

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

After initial recognition, 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.

Leases

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

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

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

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

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.

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

1. ACCOUNTING POLICIES (continued)**Standards, amendments and interpretations adopted in the current financial year ended 31 December 2021**

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

IFRS 16 COVID-19-Related Rent Concessions Amendment

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

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

The Company has recognised a credit of £nil (2020: £100,000) in profit or loss for the reporting period to reflect changes in lease payments that arise from rent concessions to which they have applied the practical expedient. The Company has recognised a rent deferral of £25,000 (2020: £nil) in which the practical expedient has been applied for in the current year. The rental deferral has been accounted for within the intercompany balance as the company leases the property from a related party.

Standards, amendments and interpretations in issue but not yet adopted

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

Critical accounting judgements and sources of estimate uncertainty

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES (continued)**Critical accounting judgements***Assessing indicators of impairment*

In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. An impairment of £21,490 (2020: £80,685) was identified during the current financial year.

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

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

2. REVENUE

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

| | 2021 | 2020 |
|----------------|---------|---------|
| | £ | £ |
| United Kingdom | 689,933 | 258,130 |

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

3. OTHER OPERATING INCOME

| | 2021 | 2020 |
|------------------------|--------|---------|
| | £ | £ |
| CJRS Grant | 44,973 | 142,150 |
| Council Lockdown Grant | 43,832 | - |
| | 88,805 | 142,150 |

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

NOTES TO THE FINANCIAL STATEMENTS**YEAR ENDED 31 DECEMBER 2021****4. LOSS FROM OPERATIONS**

| | | |
|---|-------------------|-------------------|
| Operating loss for the year is stated after charging: | 2021 | 2020 |
| | £ | £ |
| Impairment of property, plant and equipment | 21,490 | 80,685 |
| Depreciation on right -of-use-assets | 90,208 | 90,208 |
| Auditors' remuneration - as auditors | 6,250 | 6,279 |
| - taxation services | 1,475 | 1,424 |
| - other services | 594 | 750 |
| | <u> </u> | <u> </u> |

5. STAFF NUMBERS AND COSTS

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

| | | |
|------------------------|-------------------|-------------------|
| | 2021 | 2020 |
| | Number | Number |
| Administration staff | 1 | 1 |
| Other staff – services | 10 | 16 |
| | <u> </u> | <u> </u> |
| | 11 | 17 |
| | <u> </u> | <u> </u> |

| | | |
|--|-------------------|-------------------|
| The aggregate payroll costs of the above were: | 2021 | 2020 |
| | £ | £ |
| Wages and salaries | 331,170 | 369,246 |
| Social security costs | 28,228 | 29,627 |
| Pension costs | 6,080 | 7,378 |
| | <u> </u> | <u> </u> |
| | 365,478 | 406,251 |
| | <u> </u> | <u> </u> |

No salaries or wages have been paid to the Directors in the current or prior year and no contributions were made to a pension on behalf of a Director (2020: £nil).

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

6. FINANCE COSTS

| | | |
|--|-------------------|-------------------|
| | 2021 | 2020 |
| | £ | £ |
| Interest payable on loans from related parties (note 19) | 31,776 | 33,701 |
| Interest expense on lease liabilities | 14,295 | 15,769 |
| | <u> </u> | <u> </u> |
| | 46,071 | 49,470 |
| | <u> </u> | <u> </u> |

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

7. TAXATION

(a) Analysis of credit in the year

| | 2021 £ | 2020 £ |
|--------------------------------------|-----------|-----------|
| Current tax: | | |
| Adjustment in respect of prior years | - | (102,755) |
| Total tax credit | - | (102,755) |

(b) Factors affecting current tax credit

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

| | 2021 £ | 2020 £ |
|---|-----------|-----------|
| Loss before taxation | (317,061) | (566,136) |
| Loss at effective rate of 19% (2020: 19%) | (60,242) | (107,566) |
| Fixed asset differences | (12,653) | 14,285 |
| Expenses not deductible for tax purposes | 84 | 858 |
| Adjustment to deferred tax | (94,511) | (11,937) |
| Deferred tax not recognised | 167,322 | 104,360 |
| Adjustment in respect of prior years | - | (102,755) |
| Total current tax credit (note 7(a)) | - | (102,755) |

(c) Factors that may affect future tax charges

No provision has been made for a deferred tax asset of £374,003 calculated at 25% (2020: £206,681 calculated at 19%) arising from depreciation of equipment, fixtures and fittings in excess of taxation allowances available and available losses because the timing of profits is uncertain.

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

8. PROPERTY, PLANT AND EQUIPMENT

| | Fixtures & fittings £ | Equipment £ | Total £ |
|------------------------------------|-----------------------------|----------------|------------|
| Cost | | | |
| At 1 January 2020 | 1,745,015 | 29,916 | 1,774,931 |
| Additions | 80,598 | - | 80,598 |
| At 1 January 2021 | 1,825,613 | 29,916 | 1,855,529 |
| Additions | 21,490 | - | 21,490 |
| Transfer | 29,916 | (29,916) | - |
| At 31 December 2021 | 1,877,019 | - | 1,877,019 |
| Depreciation and impairment | | | |
| At 1 January 2020 | 1,744,928 | 29,916 | 1,774,844 |
| Impairment | 80,685 | - | 80,685 |
| At 1 January 2021 | 1,825,613 | 29,916 | 1,855,529 |
| Impairment | 21,490 | - | 21,490 |
| Transfer | 29,916 | (29,916) | - |
| At 31 December 2021 | 1,877,019 | - | 1,877,019 |
| Net book value | | | |
| At 31 December 2021 | - | - | - |
| At 31 December 2020 | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

9. RIGHT-OF-USE-ASSET

| | Land & Buildings | Total |
|-----------------------|------------------|---------|
| | £ | £ |
| Cost | | |
| At 1 January 2020 | 992,288 | 992,288 |
| Additions | - | - |
| At 31 December 2020 | 992,288 | 992,288 |
| Additions | - | - |
| At 31 December 2021 | 992,288 | 992,288 |
| Depreciation | | |
| At 1 January 2020 | 90,208 | 90,208 |
| Charge for the year | 90,208 | 90,208 |
| At 31 December 2020 | 180,416 | 180,416 |
| Charge for the year | 90,208 | 90,208 |
| At 31 December 2021 | 270,624 | 270,624 |
| Net book value | | |
| At 31 December 2021 | 721,664 | 721,664 |
| At 31 December 2020 | 811,872 | 811,872 |

The Company leases one property in which the remaining lease term is 8 years.

Amounts recognised in the statement of comprehensive income

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

| | 2021 | 2020 |
|--|----------|-----------|
| | £ | £ |
| Depreciation expense on right-of-use asset | 90,208 | 90,208 |
| Interest expense on lease liabilities | 14,295 | 15,769 |
| Changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient | - | (100,000) |
| Changes in lease payments that arise from rent deferrals to which the lessee has applied the practical expedient | (25,000) | - |

The total cash outflow for leases amount to £75,000 (2020: £nil).

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

| | | |
|---|-------------|-------------|
| 10. INVENTORIES | 2021 | 2020 |
| | £ | £ |
| Goods for resale | 21,113 | 20,291 |
| | | |
| 11. TRADE AND OTHER RECEIVABLES | 2021 | 2020 |
| | £ | £ |
| Prepayments and accrued income | 4,102 | 6,634 |
| | | |
| 12. CASH AND CASH EQUIVALENTS | 2021 | 2020 |
| | £ | £ |
| Cash and cash equivalents | 8,854 | 1,048 |
| | | |
| 13. AMOUNTS DUE FROM RELATED PARTIES | 2021 | 2020 |
| | £ | £ |
| Due in less than one year | | |
| Amounts owed by related parties (note 19) | 102,755 | 102,755 |
| | | |
| 14. AMOUNTS DUE TO RELATED PARTIES | 2021 | 2020 |
| | £ | £ |
| Due in more than one year | | |
| Amounts owed to related parties (note 19) | 617,723 | 585,946 |
| | | |
| 15. AMOUNTS DUE TO RELATED PARTIES | 2021 | 2020 |
| | £ | £ |
| Due in less than one year | | |
| Amounts owed to related parties (note 19) | 5,828,926 | 5,568,396 |
| | | |
| 16. OTHER PAYABLES | 2021 | 2020 |
| | £ | £ |
| Social security and other taxes | 18,393 | 20,263 |
| Other payables | 1,504 | 372 |
| Accruals | 49,227 | 22,143 |
| | 69,124 | 42,778 |

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

17. LEASE LIABILITIES

| | 2021 £ | 2020 £ |
|----------------------------|----------------|----------------|
| Analysed as: | | |
| Current | 87,206 | 85,705 |
| Non-current | 652,364 | 739,569 |
| | <u>739,570</u> | <u>825,274</u> |
| <i>Maturity Analysis</i> | | |
| Within one year | 87,206 | 85,705 |
| Between two and five years | 364,350 | 358,085 |
| After five years | 288,014 | 381,484 |
| | <u>739,570</u> | <u>825,274</u> |

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

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

| | 2021 £ | 2020 £ |
|----------------------------|----------------|----------------|
| Within one year | 100,000 | 100,000 |
| Between two and five years | 400,000 | 400,000 |
| After five years | 300,000 | 400,000 |
| | <u>800,000</u> | <u>900,000</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.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company holds or issues financial instruments in order to achieve three main objectives, as follows:

- for trading purposes;
 - to finance its operations; and
 - to manage its exposure to interest risk from its operations and from its sources of finance.
- In addition, various financial instruments (e.g. trade receivables and trade payables) arise directly from the Company's operations.

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

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

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

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

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

19. RELATED PARTY TRANSACTIONS

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

| | | 2021 £ | 2020 £ |
|-------------------------------------|----------------------------------|----------------|----------------|
| Red Carnation Hotels (U.K.) Limited | Management charges and recharges | 233,938 | 310,993 |
| Rubens Travcorp Limited | Rent | 75,000 | - |
| Travcorp Financial Services Limited | Loan interest | 31,776 | 33,701 |
| | | <u>239,714</u> | <u>344,694</u> |

Amounts owed by related parties, which are unsecured and payable after more than one year:

| | 2021 £ | 2020 £ |
|---------------------------------------|----------------|----------------|
| Trafalgar Management Services Limited | 102,755 | 102,755 |
| | <u>102,755</u> | <u>102,755</u> |

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

| | 2021 £ | 2020 £ |
|-------------------------------------|----------------|----------------|
| Travcorp Financial Services Limited | 617,723 | 585,946 |
| | <u>617,723</u> | <u>585,946</u> |

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

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

| | 2021 £ | 2020 £ |
|---------------------------------------|------------------|------------------|
| Red Carnation Hotels (U.K.) Limited | 5,102,801 | 4,867,271 |
| Trafalgar Management Services Limited | 1,125 | 1,125 |
| Rubens Travcorp Limited | 725,000 | 700,000 |
| | <u>5,828,926</u> | <u>5,568,396</u> |

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

20. SHARE CAPITAL

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

21. EVENTS AFTER THE REPORTING DATE

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

22. CONTROLLING PARTY AND PARENT COMPANIES

The Company's ultimate parent undertaking is The Travel Corporation Limited, a company incorporated in the British Virgin Islands. The Travel Corporation Limited is considered to be the Company's controlling party.

The largest group in which the results of the Company are consolidated is that headed by The Travel Corporation Limited, a company incorporated in the British Virgin Islands. The 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.