

# Holland House Hotels (Cardiff) Limited

Director's report and financial statements

Year ended 31 December 2019

**Registered number: 04607925**



# Holland House Hotels (Cardiff) Limited

## Director's report and financial statements

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# Holland House Hotels (Cardiff) Limited

## Director and other information

<b>Director</b>	Christos Dimitriadis
<b>Registered office</b>	60 Welbeck Street London W1G 9XB
<b>Independent auditor</b>	KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2
<b>Registered number</b>	04607925

# Holland House Hotels (Cardiff) Limited

## Strategic report

### Principal activities

The main activity of Holland House Hotels (Cardiff) Limited ("the Company") continues to be the operation of a hotel in the United Kingdom.

### Review of business

The Company achieved a turnover of £7,597k in the year ended 31 December 2019 (2018: £7,587k).

The Company produced an operating loss of £,1561k in the year ended 31 December 2019, which was a decrease on the operating loss recognised to 31 December 2018 (2018: £333k).

The key performance indicators for the Company are highlighted in the below table:

	2019	2018
Gross profit %	47	38
Operating profit %	(21)	(4)

The Company expects 2020 to show a sizeable loss based on the impact of COVID-19 on market condition. The implications of this loss will be appropriately managed and the impacts are expected to be short term.

### Principal risks and uncertainties

The hotel industry's performance is closely aligned to the general economic environment. Therefore, a key risk facing the Company is adverse economic conditions. The Company has a low cost business model, charging its customers rates that vary depending on levels of demand. This reduces, though does not eliminate, the financial impact arising from such adverse conditions.

There are a number of operational risks which could affect the Company, including the reservation and other information systems which are critical for the smooth running of the business. The internal control structure which is in place, which includes disaster recovery plans, debtor and creditor control management, along with the investment made in staff training help to mitigate such operational risks.

The Company has responsibilities under its rental leases which necessitate investment by way of preventative maintenance. This focus on the quality of the hotel portfolio, as well as an ongoing focus on the cost base of the Company, also helps to reduce the impact of rival products in the markets where the hotels operate.

### Key performance indicators

Key financial performance indicators include:

- Monitoring of industry standard measures such as occupancy and average room rates against prior year and budget and against competitors;
- Monitoring of departmental revenues and profitability; and
- Working capital management.

# Holland House Hotels (Cardiff) Limited

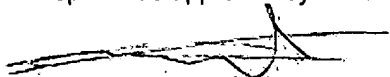
## Strategic report *(continued)*

### Key performance indicators *(continued)*

Key non-financial performance indicators include:

- Monitoring of quality: the Company monitors a number of quality indicators using data from a number of sources including guest questionnaires, mystery guest programs and feedback on third-party travel review websites; and
- Success of advertising and marketing campaigns, measured by indicators such as the number of guests making direct bookings through the Mercure website.

This report was approved by the board on 14 December 2020 and signed on its behalf.



Christos Dimitriadis  
*Director*

# Holland House Hotels (Cardiff) Limited

## Director's report

The director submits his director's report together with the audited financial statements of Holland House Hotels (Cardiff) Limited (the "Company") for the year ended 31 December 2019.

### Principal activities

The Company is part of a leading hotel group and operates a hotel in the United Kingdom.

### Basis of preparation - going concern

The financial statements have been prepared on the going concern basis, which assumes that Holland House Hotels (Cardiff) Limited ("the Company") will continue in operational existence for the foreseeable future. In arriving at that conclusion, the Director has given careful consideration to the following:

- On 31 January 2020, the World Health Organisation ("WHO") announced COVID-19 as a global health emergency. On 11 March 2020, the WHO declared it to be a pandemic in recognition of its rapid spread across the globe. Since the year end, the COVID-19 pandemic has resulted in a significant reduction in revenue for the Company due to ongoing International travel restrictions, Government restrictions on large gatherings and the general negative impact that the pandemic has had on the hospitality and tourism sectors. The implications of the pandemic are being appropriately managed and the resulting effects are expected to be short term.
- In response to the pandemic, the Company's hotels were closed in accordance with government guidelines with the exception of services provided to essential workers. The Company put in place a plan to mitigate the impact of market conditions on the Company. This included significantly reducing the Company's expenditure, suspending all unnecessary services and availing of the government scheme to furlough the majority of its staff.
- Amaris Hospitality Limited, a fellow group company, has provided a letter of support and will provide funding to each of its fellow group members to enable them to meet their liabilities as they fall due for the foreseeable future.
- In November 2020, the Company reached agreement with its landlord to implement a pause on rental payments until 31 December 2020 enabling the Company to maintain sufficient cash on hand to discharge liabilities as they fall due for the foreseeable future.
- The lease in place includes a discretionary termination clause that is exercisable by the Company or the landlord. The landlord has given an undertaking not to exercise this lease clause before December 2021.
- The director and management have prepared detailed forecasts for the Company to 31 December 2021 which incorporate the pause on rental payments to its landlord, funding available from fellow group company, Amaris Hospitality Limited, and the directors' best estimates of cash flows as the hotel begins to resume normal operations. These forecasts indicate that the Company will have sufficient cashflows to enable it to continue in operational existence for the foreseeable future.

The director has given careful consideration to the COVID-19 situation that exists and continues to evolve at the date of approval of these financial statements and the related impact on the going concern basis of preparation. The director believes that sufficient financial resources are available to enable the Company to meet its obligations as they fall due, covering a period of not less than 12 months from the date of approval of the financial statements. The director believes that this uncertainty does not represent a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. For this reason, the director continues to adopt the going concern basis in preparing these financial statements.

### Results and dividends

The results of the Company for the year are set out in the profit and loss account on page 10 and in the related notes.

There were no dividends proposed during the year (2018: £Nil).

# Holland House Hotels (Cardiff) Limited

## Directors' report *(continued)*

### Director and his interests

The director of the Company who was in office during the year and up to the date of signing the financial statements was:

Christos Dimitriadis

The director who held office at 31 December 2019 had no interests in the shares, loan stock or debentures of the Company or the entity's ultimate parent undertaking.

### Subsequent events

On 31 January 2020, the World Health Organisation ("WHO") announced COVID-19 as a global health emergency. On 11 March 2020, the WHO declared it to be a pandemic in recognition of its rapid spread across the globe. Since the year end, the COVID-19 pandemic has had a significant financial impact on the Company's results. The implications of the pandemic are being appropriately managed as outlined further in the basis of preparation note 2 and the resulting effects are expected to be short term.

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

### Political donations

The Company made no political donations during the year (2018: £Nil).

### Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in liquidity risk and interest rate risk.

### Liquidity risk

The Company's short and long-term debt structure is designed to ensure that the Company has sufficient available funds for operations and planned expansion.

### Disclosure of information to the auditor

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

### Independent auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG will therefore continue in office.

This report was approved by the board on 14 December 2020 and signed on its behalf.



Christos Dimitriadis  
Director

## Holland House Hotels (Cardiff) Limited

### Statement of director's responsibilities in respect of the director's report and the financial statements

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with FRS102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under Company law the director must not approve the financial statements unless he is 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 year. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless he either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is responsible for such internal controls as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

This report was approved by the board on 14 December 2020 and signed on its behalf.



Christos Dimitriadis  
Director





KPMG  
Audit  
1 Stokes Place  
St. Stephen's Green  
Dublin 2  
D02 DE03  
Ireland

## Independent auditor's report to the members of Holland House Hotels (Cardiff) Limited

### **Opinion**

We have audited the financial statements of Holland House Hotels (Cardiff) Limited ("the Company") for the year ended 31 December 2019 set out on pages 10 to 24, which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is UK Law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly 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 ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of matter – COVID-19**

We draw attention to note 2.5 and 21 to the financial statements concerning the impact of COVID-19. The ultimate outcome of COVID-19 cannot presently be foreseen and therefore the ultimate impact on the entity is unknown. Our opinion is not modified in respect of this matter.

### **We have nothing to report on going concern**

The director has prepared the financial statements on the going concern basis as he does not intend to liquidate the Company or to cease its operations, and as he has concluded that the Company's financial position means that this is realistic. He has also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the director's conclusions, we consider the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.



**Independent auditor's report to the members of Holland House Hotels (Cardiff) Limited** *(continued)*

**Report on the audit of the financial statements** *(continued)*

***We have nothing to report on going concern*** *(continued)*

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

***Other information***

The director is responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic and director's report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information;

- we have not identified material misstatements in the director's report or the strategic report;
- in our opinion, the information given in the director's report and the strategic report is consistent with the financial statements;
- in our opinion, the director's report and the strategic report have been prepared in accordance with the Companies Act 2006.

***Matters on which we are required to report by exception***

Under the Companies Act 2006 we are required 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.



## Independent auditor's report to the members of Holland House Hotels (Cardiff) Limited (*continued*)

### **Respective responsibilities and restrictions on use**

#### ***Responsibilities of director's for the financial statements***

As explained more fully in the director's responsibilities statement set out on page 6, the director is responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 he either intends to liquidate the Company or to cease operations, or has 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 fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### ***The purpose of our audit work and to whom we owe our responsibilities***

Our 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.

*Eamon Dillon*

**Eamon Dillon (Senior Statutory Auditor)**  
**for and on behalf of**  
**KPMG, Statutory Auditor**  
Chartered Accountants  
1 Stokes Place  
St. Stephens Green  
Dublin 2  
Ireland

15 December 2020

## Holland House Hotels (Cardiff) Limited

### Profit and loss account and other comprehensive income

for the year ended 31 December 2019

Continuing operations

	Note	2019 £000	2018 £000
Turnover	3	7,597	7,587
Cost of sales		(4,011)	(4,694)
<b>Gross profit</b>		<b>3,586</b>	<b>2,893</b>
Administrative expenses		(5,147)	(3,226)
<b>Operating loss</b>	4	<b>(1,561)</b>	<b>(333)</b>
Exceptional items	7	-	(2,708)
Interest receivable and similar income	8	3	12
Interest payable and similar charges	9	-	(35)
<b>Loss on ordinary activities before taxation</b>		<b>(1,558)</b>	<b>(3,064)</b>
Tax on loss on ordinary activities	10	(1)	-
<b>Loss for the financial year</b>		<b>(1,559)</b>	<b>(3,064)</b>
Other comprehensive expense		-	-
<b>Total comprehensive expense for the year</b>		<b>(1,559)</b>	<b>(3,064)</b>

The notes on pages 13 to 24 form part of these financial statements.

# Holland House Hotels (Cardiff) Limited

## Balance sheet

as at 31 December 2019

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Tangible assets	11	507	238
		<u>507</u>	<u>238</u>
<b>Current assets</b>			
Stocks	12	65	68
Debtors	13	9,650	17,362
Cash at bank and in hand		599	121
		<u>10,314</u>	<u>17,551</u>
<b>Creditors: amounts falling due within one year</b>	14	(11,857)	(17,266)
<b>Net current (liabilities)/assets</b>		<u>(1,543)</u>	<u>285</u>
<b>Net (liabilities)/assets</b>		<u>(1,036)</u>	<u>523</u>
<b>Capital and reserves</b>			
Called up share capital	16	2,719	2,719
Capital contribution reserve		11,700	11,700
Profit and loss account		(15,455)	(13,896)
<b>Total shareholders' (deficit)/funds</b>		<u>(1,036)</u>	<u>523</u>

The notes on pages 13 to 24 form part of these financial statements.

The financial statements were approved by the board of directors on 14 December 2020 and were signed on its behalf by:



Christos Dimitriadis  
Director

Company registration number: 04607925

# Holland House Hotels (Cardiff) Limited

## Statement of changes in equity for the year ended 31 December 2019

	Called up share capital £000	Capital contribution Reserve £000	Profit and loss account £000	Total shareholders' funds/(deficit) £000
<b>At 1 January 2018</b>	2,719	-	(10,832)	(8,113)
<b>Comprehensive expense for the year</b>				
Loss for the financial year	-	-	(3,064)	(3,064)
<i>Transactions with owners in their capacity as owners</i>				
Transferred to capital contribution	-	11,700	-	11,700
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total comprehensive expense for the year</b>	-	11,700	(3,064)	8,636
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2018</b>	2,719	11,700	(13,896)	523
<b>Comprehensive expense for the year</b>				
Loss for the financial year	-	-	(1,559)	(1,559)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total comprehensive expense for the year</b>	-	-	(1,559)	(1,559)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2019</b>	2,719	11,700	(15,455)	(1,036)
	<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 13 to 24 form part of these financial statements.

# Holland House Hotels (Cardiff) Limited

## Notes

*forming part of the financial statements*

### 1 Reporting entity

Holland House Hotels (Cardiff) Limited is a Company incorporated in the United Kingdom. The Company's registered office is 60 Welbeck Street, London, W1G 9XB. The Company registration number is 04607925.

### 2 Significant accounting policies

#### 2.1 Basis of preparation of financial statements

These financial statements were prepared in accordance with Financial Reporting Standard 102 ("FRS 102"), *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*. There have been no material departures from the standard. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

In transition to FRS 102 from FRS 101 *Reduced Disclosure Framework* the Company has made no measurement and recognition adjustments.

The Company's ultimate parent undertaking, LRC-Group include the Company in its consolidated financial statements. The consolidated financial statements of LRC-Group are prepared in accordance with International Financial Reporting Standards and are available to the public and can be obtained from Companies House, Cyprus.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and the Company has adopted certain disclosure exemptions available under FRS 102. These include:

- a cash flow statement and related notes; and
- disclosures in respect of the compensation of key management personnel.

As the consolidated financial statement of LRC-Group include the equivalent disclosures, the Company has also taken the exemption under FRS 102 available in respect if the following disclosure:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument* issues in respect of financial instruments not falling within the fair value accounting rules of Schedule 3, paragraph 38 of the Companies Act 2014.

The accounting policies set out below have unless otherwise stated been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below.

#### 2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis.

#### 2.3 Functional currency

These financial statements are presented in Sterling, being the functional currency of the Company. All financial information presented in Sterling has been rounded to the nearest thousand, except where otherwise stated.

# Holland House Hotels (Cardiff) Limited

## Notes *(continued)*

### **2 Significant accounting policies *(continued)***

#### **2.4 Use of estimates and judgements**

In preparing these financial statements management has made judgements, estimates and assumptions that affect application of the Company accounting policies and the reported amounts of assets, liabilities, income and expenses. Such estimates and judgements are based on historical experience and other factors, including expectation of future events that are believed to be reasonable. Actual outcomes may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

#### **2.5 Going concern**

The financial statements have been prepared on the going concern basis, which assumes that Holland House Hotels (Cardiff) Limited ("the Company") will continue in operational existence for the foreseeable future. In arriving at that conclusion, the Director has given careful consideration to the following:

- On 31 January 2020, the World Health Organisation ("WHO") announced COVID-19 as a global health emergency. On 11 March 2020, the WHO declared it to be a pandemic in recognition of its rapid spread across the globe. Since the year end, the COVID-19 pandemic has resulted in a significant reduction in revenue for the Company due to ongoing International travel restrictions, Government restrictions on large gatherings and the general negative impact that the pandemic has had on the hospitality and tourism sectors. The implications of the pandemic are being appropriately managed and the resulting effects are expected to be short term.
- In response to the pandemic, the Company's hotels were closed in accordance with government guidelines with the exception of services provided to essential workers. The Company put in place a plan to mitigate the impact of market conditions on the Company. This included significantly reducing the Company's expenditure, suspending all unnecessary services and availing of the government scheme to furlough the majority of its staff.
- Amaris Hospitality Limited, a fellow group company, has provided a letter of support and will provide funding to each of its fellow group members to enable them to meet their liabilities as they fall due for the foreseeable future.
- In November 2020, the Company reached agreement with its landlord to implement a pause on rental payments until 31 December 2020 enabling the Company to maintain sufficient cash on hand to discharge liabilities as they fall due for the foreseeable future.
- The lease in place includes a discretionary termination clause that is exercisable by the Company or the landlord. The landlord has given an undertaking not to exercise this lease clause before December 2021.
- The director and management have prepared detailed forecasts for the Company to 31 December 2021 which incorporate the pause on rental payments to its landlord, funding available from fellow group company, Amaris Hospitality Limited, and the directors' best estimates of cash flows as the hotel begins to resume normal operations. These forecasts indicate that the Company will have sufficient cashflows to enable it to continue in operational existence for the foreseeable future.



# Holland House Hotels (Cardiff) Limited

## Notes *(continued)*

### **2 Significant accounting policies *(continued)***

#### **2.5 Going concern *(continued)***

The director has given careful consideration to the COVID-19 situation that exists and continues to evolve at the date of approval of these financial statements and the related impact on the going concern basis of preparation. The director believes that sufficient financial resources are available to enable the Company to meet its obligations as they fall due, covering a period of not less than 12 months from the date of approval of the financial statements. The director believes that this uncertainty does not represent a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. For this reason, the director continues to adopt the going concern basis in preparing these financial statements.

#### **2.6 Revenue**

Revenue represents sales (excluding VAT and similar taxes) of goods and services net of trade discounts provided in the normal course of business.

Revenue is derived from hotel operations and includes the rental of rooms, food and beverage sales, and other revenue. Revenue is recognised when rooms are occupied and food and beverages are sold.

#### **2.7 Leases**

Assets held by the Company under leases that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's balance sheet. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### **2.8 Finance income and finance costs**

Interest income or expenses are recognised using the effective interest method.

#### **2.9 Taxation**

Income tax expense comprises current and deferred tax. It is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates and laws that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

# Holland House Hotels (Cardiff) Limited

## Notes *(continued)*

### 2 Significant accounting policies *(continued)*

#### 2.9 Taxation *(continued)*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: those differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised to the extent that it is probable future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

#### 2.10 Foreign currency

##### ***Foreign currency transactions***

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

#### 2.11 Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and impairment. Impairment losses are recognised in profit and loss.

##### ***Depreciation***

Tangible fixed assets are depreciated to a residual value over the estimated useful lives.

The estimated useful lives range as follows:

Plant and equipment	-	10 years
Computer equipment, fixtures and fittings	-	5 years

Depreciation is charged to the income statement on a straight line basis over the estimated useful life. Residual value is reassessed annually.

# Holland House Hotels (Cardiff) Limited

## Notes (continued)

### 2 Significant accounting policies (continued)

#### 2.12 Pension

##### **Defined contribution plans**

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

#### 2.13 Stock

Stock is measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principal.

#### 2.14 Trade and other debtors

Trade and other debtors are measured at their nominal amount less any allowance for doubtful amounts. An allowance is made when collection of the full amount is no longer considered probable.

#### 2.15 Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost, which approximates to fair value given the short-term nature of the business.

#### 2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less.

Cash equivalents are short-term highly liquid investments with an original maturity of three months or less from the date of acquisition that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

#### 2.17 Financial instruments

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

##### **(i) Non-derivative financial assets and financial liabilities – recognition and derecognition**

The Company initially recognises loans and receivables issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

# Holland House Hotels (Cardiff) Limited

## Notes (continued)

### 2 Significant accounting policies (continued)

#### 2.17 Financial instruments (continued)

##### **(i) Non-derivative financial assets and financial liabilities – recognition and derecognition (continued)**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

##### **(ii) Non-derivative financial assets – measurement**

###### *Loans and receivables*

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

###### *Cash and cash equivalents*

Cash and cash equivalents include bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

##### **(iii) Non-derivative financial liabilities – measurement**

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

##### **(iv) Ordinary shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Ordinary dividends declared as final dividends are recognised as a liability in the period in which they are approved by shareholders. Interim dividends are recognised as a liability when declared.

#### 2.18 Provisions and contingent liabilities

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of that outflow can be measured reliably. If the effect is material, provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of an outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of an outflow of economic benefits is remote.

# Holland House Hotels (Cardiff) Limited

## Notes (continued)

### 2 Significant accounting policies (continued)

#### 2.19 Exceptional items

Exceptional items are items that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

### 3 Turnover

The whole of the turnover is attributable to the Company's main activity which is carried out in the United Kingdom. Turnover analysis is not presented due to its commercial sensitivity.

### 4 Operating loss

The operating loss is stated after charging:

	2019 £000	2018 £000
Depreciation of tangible assets	63	145
<b>Operating lease rentals:</b>		
- land and buildings	2,250	1,964
	<hr/>	<hr/>

Auditor's remuneration was borne by another group company in both years.

### 5 Staff numbers and costs

Staff costs were as follows:

	2019 £000	2018 £000
Wages and salaries	1,207	1,660
Social security costs	95	113
Other pension costs	29	27
	<hr/>	<hr/>
	1,331	1,800
	<hr/>	<hr/>

The average monthly number of employees, including the directors, employed by the Company during the year was as follows:

	2019 Number	2018 Number
Hotel operations	71	107
	<hr/>	<hr/>

### 6 Director's remuneration

There was no remuneration paid to the director by the Company during the year (2018: £Nil). There were no retirement benefits accruing to the director (2018: £Nil).

# Holland House Hotels (Cardiff) Limited

## Notes (continued)

<b>7</b>	<b>Exceptional items</b>	<b>2019 £000</b>	<b>2018 £000</b>
	Loan waivers	-	(2,708)
		<u>-</u>	<u>(2,708)</u>
		<u>-</u>	<u>(2,708)</u>

On 1 April 2018 the shareholders of the Company undertook an inter-company rationalisation exercise to eliminate inter-company balances and simplify the legal entity structure of the entities under its common control. This rationalisation was initiated by the director of the Company following the acquisition by the new parent.

<b>8</b>	<b>Interest receivable and similar income</b>	<b>2019 £000</b>	<b>2018 £000</b>
	Bank interest receivable	3	12
		<u>3</u>	<u>12</u>
		<u>3</u>	<u>12</u>

<b>9</b>	<b>Interest payable and similar charges</b>	<b>2019 £000</b>	<b>2018 £000</b>
	Interest payable on bank loans	-	4
	Interest payable to group undertakings	-	31
		<u>-</u>	<u>35</u>
		<u>-</u>	<u>35</u>

<b>10</b>	<b>Tax on loss on ordinary activities</b>	<b>2019 £000</b>	<b>2018 £000</b>
	<i>Corporation tax</i>		
	Current tax on loss for the year	1	-
		<u>1</u>	<u>-</u>
	<b>Total current tax</b>	<u>1</u>	<u>-</u>

# Holland House Hotels (Cardiff) Limited

## Notes (continued)

### 10 Tax on loss on ordinary activities

#### Factors affecting tax charge for the year

The tax assessed differs from the standard rate of corporation tax in the UK of 19% (2018: 19.00%). The differences are explained below:

	2019 £000	2018 £000
Loss on ordinary activities before taxation	(1,558)	(3,064)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19.00%)	(296)	(582)
<i>Effects of:</i>		
Adjustments from previous periods	1	
Group relief utilised	-	74
Expenses not deductible	223	560
Accelerated capital allowances and other timing differences	-	(52)
Movement in DTA not recognised	73	
<b>Total tax charge for the year</b>	<b>1</b>	<b>-</b>

#### Factors that may affect future tax charges

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were enacted on 26 October 2015. Finance Bill 2016 further reduced the 18% rate to 17% from 1 April 2020, following substantial enactment on 6 September 2016. Together this will reduce the Company's future tax charges accordingly.

# Holland House Hotels (Cardiff) Limited

## Notes (continued)

<b>11 Tangible assets</b>		<b>Fixtures, fittings and equipment £000</b>
<b>Cost</b>		
At 1 January 2019		244
Additions in year		332
		<hr/>
<b>At 31 December 2019</b>		<b>576</b>
		<hr/>
<b>Accumulated depreciation</b>		
At 1 January 2019		6
Charge for the year		63
		<hr/>
<b>At 31 December 2019</b>		<b>69</b>
		<hr/>
<b>Net book value</b>		
At 31 December 2019		507
		<hr/>
At 31 December 2018		238
		<hr/>
<b>12 Stocks</b>	<b>2019 £000</b>	<b>2018 £000</b>
Food and beverage stocks	65	68
	<hr/>	<hr/>
	65	68
	<hr/>	<hr/>
<b>13 Debtors</b>	<b>2019 £000</b>	<b>2018 £000</b>
Trade debtors	248	226
Amounts owed by fellow group undertakings	9,315	10,374
Other debtors	87	6,762
	<hr/>	<hr/>
	9,650	17,362
	<hr/>	<hr/>

Amounts owed by fellow group companies are interest free and due on demand.



# Holland House Hotels (Cardiff) Limited

## Notes (continued)

<b>14 Creditors:</b> amounts falling due within one year	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	1,049	127
Amounts owed to parent company	4,662	4,662
Amounts owed to fellow group companies	5,037	565
Other creditors	430	11,473
Accruals	679	438
	<b>11,857</b>	<b>17,266</b>

Amounts owed to parent company and to fellow group companies are interest free, unsecured and repayable on demand.

## 15 Financial instruments

The Company had the following financial instruments:

### **Financial assets**

Financial assets that are debt instruments measured at amortised cost

<b>2019</b>	<b>2018</b>
<b>£000</b>	<b>£000</b>
9,650	17,362
<b>9,650</b>	<b>17,362</b>

### **Financial liabilities**

Financial liabilities measured at amortised cost

<b>(11,857)</b>	<b>(17,266)</b>
<b>(11,857)</b>	<b>(17,266)</b>

## 16 Called up share capital

### **Allotted, called up and fully paid**

156,181 (2018: 156,181) "A" ordinary shares of £1 each  
 162,556 (2018: £162,556) "B" ordinary shares of £1 each  
 2,400,000 (2018: £2,400,000) "C" shares of £1 each

<b>2019</b>	<b>2018</b>
<b>£000</b>	<b>£000</b>
156	156
163	163
2,400	2,400
<b>2,719</b>	<b>2,719</b>

The shares have attached to them full voting, dividend and capital distribution rights. They do not confer any rights of redemption.

# Holland House Hotels (Cardiff) Limited

## Notes (continued)

### 17 Commitments

(a) Operating lease commitments	2019 £000	2018 £000
Not later than 1 year	2,250	2,250
Later than 1 year and not later than 5 years	8,800	9,000
Later than 5 years	34,850	36,900
	<hr/>	<hr/>
<b>Total</b>	<b>45,900</b>	<b>48,150</b>
	<hr/>	<hr/>

The leases in place include discretionary termination clauses that are exercisable by the Company or the landlord. The landlord has given an undertaking not to exercise this clause before December 2021.

### 18 Group relationships and ultimate controlling parties

The immediate parent Company is Laser Tradeco Limited, a company registered in the United Kingdom. The ultimate controlling party is LRC- Group. The largest group in which the results of the Company are consolidated is that headed by LRC-Group. The financial statements of LRC-Group can be obtained from the Companies House, Cyprus.

### 19 Related party transactions

The Company has availed of the exemptions available in FRS 102 from disclosing transactions entered into between two or more members of a group and also key management personnel compensation disclosures.

There were no other related party transactions.

### 20 Transition to FRS 102

During the year the company transitioned to FRS 102. The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

### 21 Subsequent events

On 31 January 2020, the World Health Organisation ("WHO") announced COVID-19 as a global health emergency. On 11 March 2020, the WHO declared it to be a pandemic in recognition of its rapid spread across the globe. Since the year end, the COVID-19 pandemic has had a significant financial impact on the Company's results. The implications of the pandemic are being appropriately managed as outlined further in the basis of preparation note 2 and the resulting effects are expected to be short term.

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

### 22 Approval of the financial statements

The financial statements were approved by the director on 14 December 2020.