

PRAHI HOTEL COLLECTION LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTOR AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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FOR THE YEAR ENDED 31 DECEMBER 2020**

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PRAHI HOTEL COLLECTION LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2020

DIRECTOR:	A Ahmed
REGISTERED OFFICE:	75/129 Carlisle Street Sheffield South Yorkshire S4 7LJ
REGISTERED NUMBER:	09174105 (England and Wales)
AUDITORS:	Smith Craven Chartered Accountants Statutory Auditors Sidings House Sidings Court Lakeside Doncaster South Yorkshire DN4 5NU

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The director presents his strategic report for the year ended 31 December 2020.

REVIEW OF BUSINESS

The main activity of the Prah Hotel Collection Ltd ("the Company") is the operation of its main asset, The Shrigley Hall Hotel in the United Kingdom.

The strategy of the Company is to operate the hotel profitably whilst maintaining good customer satisfaction ratings and hiring and managing employees effectively.

Key Financial Performance Indicators

	<u>Year Ended</u> <u>31/12/20</u> £	<u>Year Ended</u> <u>31/12/19</u> £
Turnover	3,412,076	7,157,489
Gross Profit	2,806,110	5,835,034
Gross Profit percentage	82.24%	81.52%
Net Profit/(Loss) before Tax	(1,598,962)	(2,178,171)
Net Current Assets/(Liabilities)	(2,829,751)	(1,244,052)

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is directly exposed to the risks associated with the hotel industry such as any downturn in the general operating conditions in the UK provincial hotel industry and new hotel openings close to its existing location.

The Company is also exposed to risks regarding property valuations in periods of market instability. This instability means that professional valuers and the Director are not able to value properties with the same degree of certainty as would be the case in a more stable market with a good level of transactional evidence to support valuations.

The Company's exposure to credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of any allowances for doubtful debts. The Company seeks to mitigate credit risk through credit checking and, where customers pay on departure, Company policy is to obtain a pre-authorised credit card for payment. In certain circumstances customers pay all or part of their stay in advance.

The Company's exposure to liquidity and cash flow risk is mitigated by the trade debtors procedures described above and by negotiating commercial payment terms with suppliers. The Company aims to mitigate liquidity risk by managing cash generation and uses through its operations.

COVID-19

The COVID-19 pandemic has materially affected the companies activities since March 2020. The hotel has been forced to close during multiple national and local lockdowns. The Company has utilised the Coronavirus Job Retention Scheme in furloughing a number of staff at various points. To ensure the continuity of the Companies activities, when the pandemic hit we took immediate action which should ensure an adequate level of liquidity and consequently ensure the sustainability of future activities. Among all the measures taken, the following should be noted:

- Reduction and limitation of operating expenses: the Company quickly took all measures that were necessary to drastically reduce its operational and ongoing expenses to limit these as much as possible, in particular by using all government aid where available, by applying the economic unemployment when activities are at a standstill, by negotiating with its suppliers extended payment periods, reducing all of its operating costs and by using all the possibilities of deferral of expenditure, in particular with regard to taxes and duties;

The directors believe that it is reasonable to consider that the Company will have the necessary resources to ensure its operational continuity for a period of at least 12 months from the date of signature of these Financial Statements.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

FUTURE DEVELOPMENTS

The director is confident for the future as the company continues to build its brand and reputation.

ON BEHALF OF THE BOARD:

A Ahmed - Director

23 December 2021

**REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2020**

The director presents his report with the financial statements of the company for the year ended 31 December 2020.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2020.

DIRECTOR

A Ahmed held office during the whole of the period from 1 January 2020 to the date of this report.

APPROVAL OF REDUCED DISCLOSURES

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS102 Reduced Disclosure Framework as listed in note 2 to these financial statements. The parent company's parent company has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Strategic Report, the Report of the Director 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 the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the 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 period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

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

ON BEHALF OF THE BOARD:

A Ahmed - Director

23 December 2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PRAHI HOTEL COLLECTION LIMITED

Qualified opinion

We have audited the financial statements of Prahi Hotel Collection Limited (the 'company') for the year ended 31 December 2020 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of the company's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

We were unable to access the point of sale system in use by the company during the accounting period whilst executing the audit fieldwork. We were unable to satisfy ourselves by alternative means as to the completeness of income and that sales are recorded in the correct period, by using other audit procedures. Consequently we were unable to determine whether any adjustment to turnover was necessary.

In addition, were any adjustment to turnover to be required, the strategic report would also need to be amended.

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 qualified opinion.

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements.

Developments around the COVID-19 pandemic have a significant impact on the operational and financial performance of Prahi Hotel Collection Limited, together with its parent company Prahi (2017) Limited, and the assessment of its ability to continue as a going concern. The company's ability to trade is dependent on the levels of government restrictions imposed. The current market is uncertain given recent surges and evolutions of the virus, resulting in local and national restrictions across the UK, with potentially more to follow. We believe that the potential impact on future trade of adverse coronavirus developments is material to users of the financial statements as a factor that may cast significant doubt on the company's ability to meet its financial commitments and to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key audit matters

Except for the matter described in the basis for qualified opinion section, in addition to the matter described in the material uncertainty related to going concern section, we have determined that there are no key audit matters to be communicated in our report.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PRAHI HOTEL COLLECTION LIMITED

Other information

The director is responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the completeness of income and appropriate recording of turnover in the correct period. We have concluded that where the other information refers to turnover, it may be materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, 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

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Arising solely from the limitation on the scope of our work relating to turnover, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- in our opinion, adequate accounting records have not been kept.

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on page four, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PRAHI HOTEL COLLECTION LIMITED

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company, we identified that the principal risks of non-compliance with laws and regulations related to building regulations and corporation tax legislation and we considered the extent to which non-compliance might have a material effect on the financial statements. As part of this assessment we considered both quantitative and qualitative factors. We also considered those laws and regulations that have a direct impact on the preparation on the financial statements, such as the Companies Act 2006 and FRS 102.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements which included the risk of management override of controls. We determined that the principal risks were related to posting inappropriate journal entries, omitting, advancing or delaying recognition of events and transactions that have occurred during or after the reporting period, and potential management bias in the determination of accounting estimates or judgements to manipulate results.

Audit procedures performed by the engagement team include:

- Enquiring of and obtaining written representation from management in relation to known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Identifying and, where relevant, testing journal entries posted by senior management or with unusual combinations;
- Assessing and evaluating the business rationale of significant transactions outside the normal course of business;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Review of correspondence with regulators in so far as they are related to the financial statements;
- Incorporating elements of unpredictability into the nature, timing and/or extent of audit procedures performed.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentation, or through collusion.

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
PRAHI HOTEL COLLECTION LIMITED**

Use of our report

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

Andrew Cribb FCA (Senior Statutory Auditor)
for and on behalf of Smith Craven
Chartered Accountants
Statutory Auditors
Sidings House
Sidings Court
Lakeside
Doncaster
South Yorkshire
DN4 5NU

23 December 2021

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
	Notes	£	£
TURNOVER	3	3,412,076	7,157,489
Cost of sales		<u>605,966</u>	<u>1,322,455</u>
GROSS PROFIT		2,806,110	5,835,034
Administrative expenses		<u>4,817,470</u>	<u>5,665,201</u>
		(2,011,360)	169,833
Other operating income		828,154	-
Gain/loss on revaluation of tangible assets		<u>-</u>	<u>(2,130,521)</u>
OPERATING LOSS	5	(1,183,206)	(1,960,688)
Interest payable and similar expenses	6	<u>415,756</u>	<u>217,483</u>
LOSS BEFORE TAXATION		(1,598,962)	(2,178,171)
Tax on loss	7	<u>(13,263)</u>	<u>(10,851)</u>
LOSS FOR THE FINANCIAL YEAR		<u>(1,585,699)</u>	<u>(2,167,320)</u>

The notes form part of these financial statements

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 £	2019 £
LOSS FOR THE YEAR		(1,585,699)	(2,167,320)
OTHER COMPREHENSIVE INCOME			
Income tax relating to other comprehensive income		-	2,130,521
		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		-	2,130,521
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(1,585,699)	(36,799)

The notes form part of these financial statements

BALANCE SHEET
31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Tangible assets	8		9,361,264		9,300,000
CURRENT ASSETS					
Stocks	9	61,031		69,625	
Debtors	10	424,484		761,839	
Cash at bank		<u>378,848</u>		<u>114,947</u>	
		864,363		946,411	
CREDITORS					
Amounts falling due within one year	11	<u>12,449,227</u>		<u>11,113,409</u>	
NET CURRENT LIABILITIES			<u>(11,584,864)</u>		<u>(10,166,998)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			(2,223,600)		(866,998)
CREDITORS					
Amounts falling due after more than one year	12		<u>606,151</u>		<u>377,054</u>
NET LIABILITIES			<u>(2,829,751)</u>		<u>(1,244,052)</u>
CAPITAL AND RESERVES					
Called up share capital	15		1		1
Retained earnings	16		<u>(2,829,752)</u>		<u>(1,244,053)</u>
SHAREHOLDERS' FUNDS			<u>(2,829,751)</u>		<u>(1,244,052)</u>

The financial statements were approved by the director and authorised for issue on 23 December 2021 and were signed by:

A Ahmed - Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2019	1	923,267	923,268
Changes in equity			
Total comprehensive income	-	(2,167,320)	(2,167,320)
Balance at 31 December 2019	1	(1,244,053)	(1,244,052)
Changes in equity			
Total comprehensive income	-	(1,585,699)	(1,585,699)
Balance at 31 December 2020	1	(2,829,752)	(2,829,751)

The notes form part of these financial statements

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

		2020	2019
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	1	174,297	540,065
Interest paid		(405,920)	(214,268)
Interest element of hire purchase payments paid		(9,836)	(3,215)
Tax paid		13,263	10,851
Net cash from operating activities		<u>(228,196)</u>	<u>333,433</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		<u>(647,722)</u>	<u>(1,827,414)</u>
Net cash from investing activities		<u>(647,722)</u>	<u>(1,827,414)</u>
Cash flows from financing activities			
Intercompany loan		834,049	985,280
Bank loan		500,000	-
Capital repayments in year		<u>(194,230)</u>	<u>420,205</u>
Net cash from financing activities		<u>1,139,819</u>	<u>1,405,485</u>
Increase/(decrease) in cash and cash equivalents		<u>263,901</u>	<u>(88,496)</u>
Cash and cash equivalents at beginning of year	2	114,947	203,443
Cash and cash equivalents at end of year	2	<u>378,848</u>	<u>114,947</u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020	2019
	£	£
Loss before taxation	(1,598,962)	(2,178,171)
Depreciation charges	586,457	391,350
Loss on revaluation of fixed assets	-	2,130,521
Finance costs	415,756	217,483
	<u>(596,749)</u>	<u>561,183</u>
Decrease/(increase) in stocks	8,594	(401)
Decrease/(increase) in trade and other debtors	362,533	(324,944)
Increase in trade and other creditors	399,919	304,227
Cash generated from operations	<u>174,297</u>	<u>540,065</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2020

	31.12.20	1.1.20
	£	£
Cash and cash equivalents	<u>378,848</u>	<u>114,947</u>

Year ended 31 December 2019

	31.12.19	1.1.19
	£	£
Cash and cash equivalents	<u>114,947</u>	<u>203,443</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.20	Cash flow	At 31.12.20
	£	£	£
Net cash			
Cash at bank	<u>114,947</u>	<u>263,901</u>	<u>378,848</u>
	<u>114,947</u>	<u>263,901</u>	<u>378,848</u>
Debt			
Finance leases	(538,801)	135,898	(402,903)
Debts falling due within 1 year	-	(100,000)	(100,000)
Debts falling due after 1 year	-	(341,667)	(341,667)
	<u>(538,801)</u>	<u>(305,769)</u>	<u>(844,570)</u>
Total	<u>(423,854)</u>	<u>(41,868)</u>	<u>(465,722)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. STATUTORY INFORMATION

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

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

As at 31 December 2020, the company had net liabilities of £2,829,751 after incurring a loss for the year of £1,585,699.

As at the date of approval of the Accounts the outlook regarding the ongoing COVID-19 pandemic is uncertain. The company's ability to trade is dependent on the levels of government restrictions imposed. The current market is uncertain given recent surges and evolutions of the virus, resulting in local and national restrictions across the UK, with potentially more to follow. Future adverse coronavirus developments may cast significant doubt on the company's ability to meet its financial commitments as and when they fall due.

The directors consider it appropriate to prepare the accounts on the going concern basis, however the above events and conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirement of paragraph 33.7.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

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

Freehold property - various rates on reducing balance

Plant and machinery - 5% - 33% on reducing balance

Stocks

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

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES - continued**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit or loss in the period to which they relate.

Grant income

Grant income relating to revenue is recognised on an accruals basis. Income is recognised on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate. A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs is recognised in income in the period in which it becomes receivable.

3. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the company.

4. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	<u>2,755,721</u>	<u>3,196,981</u>

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

	2020	2019
	<u>190</u>	<u>210</u>
	2020	2019
	£	£
Director's remuneration	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

5. OPERATING LOSS

The operating loss is stated after charging:

	2020	2019
	£	£
Hire of plant and machinery	11,915	48,262
Depreciation - owned assets	538,109	366,276
Depreciation - assets on hire purchase contracts	48,349	25,074
Auditors' remuneration	<u>12,500</u>	<u>12,500</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Loan interest	405,920	214,268
Hire purchase	<u>9,836</u>	<u>3,215</u>
	<u>415,756</u>	<u>217,483</u>

7. TAXATION**Analysis of the tax credit**

The tax credit on the loss for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	<u>(13,263)</u>	<u>(10,851)</u>
Tax on loss	<u>(13,263)</u>	<u>(10,851)</u>

Tax effects relating to effects of other comprehensive income

	Gross	2019 Tax	Net
	£	£	£
Revaluation of fixed assets	2,130,521	-	2,130,521
Revaluation shown in profit and loss a/c	<u>(2,130,521)</u>	<u>-</u>	<u>(2,130,521)</u>
	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

8. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Totals £
COST OR VALUATION			
At 1 January 2020	11,651,958	1,682,985	13,334,943
Additions	605,386	42,336	647,722
At 31 December 2020	12,257,344	1,725,321	13,982,665
DEPRECIATION			
At 1 January 2020	3,207,915	827,028	4,034,943
Charge for year	397,218	189,240	586,458
At 31 December 2020	3,605,133	1,016,268	4,621,401
NET BOOK VALUE			
At 31 December 2020	8,652,211	709,053	9,361,264
At 31 December 2019	8,444,043	855,957	9,300,000

A full independent valuation of the property was carried out by CBRE Limited on 14 June 2021. This valuation indicated a market value of £9,300,000 for the property as a fully equipped operational entity.

Cost or valuation at 31 December 2020 is represented by:

	Freehold property £	Plant and machinery £	Totals £
Valuation in 2017	132,000	-	132,000
Valuation in 2020	(4,734,826)	(6,350)	(4,741,176)
Valuation in 2021	2,610,654	-	2,610,654
Cost	14,249,516	1,731,671	15,981,187
	12,257,344	1,725,321	13,982,665

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

8. TANGIBLE FIXED ASSETS - continued

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

	Freehold property £	Plant and machinery £	Totals £
COST OR VALUATION			
At 1 January 2020 and 31 December 2020	<u>47,157</u>	<u>335,077</u>	<u>382,234</u>
DEPRECIATION			
At 1 January 2020	2,213	44,900	47,113
Charge for year	<u>7,835</u>	<u>40,514</u>	<u>48,349</u>
At 31 December 2020	<u>10,048</u>	<u>85,414</u>	<u>95,462</u>
NET BOOK VALUE			
At 31 December 2020	<u>37,109</u>	<u>249,663</u>	<u>286,772</u>
At 31 December 2019	<u>44,944</u>	<u>290,177</u>	<u>335,121</u>

9. STOCKS

	2020 £	2019 £
Stocks	<u>61,031</u>	<u>69,625</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade debtors	146,206	495,711
Amounts owed by group undertakings	25,178	-
Other debtors	137,272	105,889
Prepayments and accrued income	<u>115,828</u>	<u>160,239</u>
	<u>424,484</u>	<u>761,839</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Bank loans and overdrafts (see note 13)	100,000	-
Hire purchase contracts (see note 14)	138,419	161,747
Trade creditors	691,790	738,257
Amounts owed to group undertakings	9,861,988	9,002,761
Social security and other taxes	158,863	93,876
VAT	46,780	109,502
Other creditors	515,651	321,258
Accruals and deferred income	<u>935,736</u>	<u>686,008</u>
	<u>12,449,227</u>	<u>11,113,409</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

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

	2020 £	2019 £
Bank loans (see note 13)	341,667	-
Hire purchase contracts (see note 14)	264,484	377,054
	<u>606,151</u>	<u>377,054</u>

13. **LOANS**

An analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling due within one year or on demand:		
Bank loans	<u>100,000</u>	<u>-</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>100,000</u>	<u>-</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>241,667</u>	<u>-</u>

14. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2020 £	2019 £
Net obligations repayable:		
Within one year	138,419	161,747
Between one and five years	264,484	377,054
	<u>402,903</u>	<u>538,801</u>
	Non-cancellable	operating leases
	2020	2019
	£	£
Within one year	4,520	4,520
Between one and five years	8,663	13,183
	<u>13,183</u>	<u>17,703</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2020	2019
Number:	Class:		£	£
1	Ordinary A	1	<u>1</u>	<u>1</u>

16. RESERVES

	Retained earnings £
At 1 January 2020	(1,244,053)
Deficit for the year	<u>(1,585,699)</u>
At 31 December 2020	<u>(2,829,752)</u>

17. ULTIMATE PARENT COMPANY

The company's issued share capital is wholly owned by Prahi (2017) Limited, a company registered in England and Wales. The ultimate parent company and controlling party is Prahi Limited, a company registered in England and Wales. Consolidated group accounts of Prahi Limited can be obtained from Sidings House, Sidings Court, Lakeside, Doncaster, South Yorkshire, DN4 5NU.

18. OTHER FINANCIAL COMMITMENTS

The Group has issued an unlimited guarantee to AIB Group (UK) plc for the liabilities of another company, in return for a loan of £200,000, which is included in the creditors of the parent company.

19. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

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