

Company Registration No. 09310728

**Annual Report for the year ended
31 December 2020**

The Laggan Hotel Management Limited



COMPANY INFORMATION

Directors

J J Raggett
V O'Hana

Company Secretary

S Royce

Company registration number

09310728

Registered office

14 Grosvenor Place
London
SW1X 7HH

Auditor

Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD

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STRATEGIC REPORT**YEAR ENDED 31 DECEMBER 2020**

The Directors present their Strategic Report for the company for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of hotel operations and management. The company operates a hotel in the Scottish Highlands.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

There has been a decrease in revenue of 90.8% in the year from £542,438 to £50,113 (2019: increase of 2.2%) as the hotel was closed for periods of time over the year due to the COVID-19 pandemic. EBITDA decreased by £193,252 in the year to a loss of £52,232 (2019: profit of £141,020).

During the year, the company used the Government support schemes such as the Coronavirus Job Retention Scheme, along with deferrals of the PAYE and VAT payments. The company also received a rental waiver from the landlord for 2020 and has been through an employee restructuring programme in the year. These measures have been adopted during 2020, to reduce the impact the pandemic has had on the business.

In summary the key performance indicators that we use to monitor business performance are as follows:

Occupancy levels

Average room rates

Revenue per available room

EBITDA (Earnings before interest, taxation, depreciation and amortisation)

The company is currently in a net liabilities position with total liabilities exceeding total assets by £6,319 (2019: net assets of £149,742).

The company expected 2020 to improve in terms of trading and with additional cost management to improve the results of the Company. However, following the situation with COVID-19 globally and ongoing pandemic as declared by the World Health Organisation within the UK and the current restrictions of the hotel in line with UK government guidelines, the Company expects 2021 to be an extremely challenging year. This is beyond the Company's control and management have put in measures to help control the impact on the Company.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £156,061 (2019: profit of £18,887). The directors do not recommend the payment of a dividend (2019: £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 main risks that the company could face relate to factors that are common to the hotel 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.

STRATEGIC REPORT (continued)

YEAR ENDED 31 DECEMBER 2020

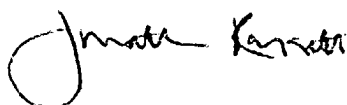
PRINCIPAL RISKS AND UNCERTAINTIES (Continued)

The Laggan Hotel Management Limited 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.

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

Signed on behalf of the board of Directors



J J Raggett
Director

Date: 18.06.2021

DIRECTORS' REPORT (continued)**YEAR ENDED 31 DECEMBER 2020**

The Directors present their report and the audited financial statements of the company for the year ended 31 December 2020.

MATTERS COVERED IN THE STRATEGIC REPORT

As permitted by paragraph 1A of Schedule 7 to the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the Strategic Report on page 1 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

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 £6,319 at 31 December 2020. 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.

POLITICAL DONATIONS

The company made no political donations during the financial year (2019: £nil).

EVENTS AFTER THE REPORTING DATE

Since the year end, the company has continued to be faced by the challenges of Covid-19 which is impacting the business and trade in 2021, due to the government imposed restrictions on the industry enforced from the end of 2020 until May 2021. The company expects to see improved performance from May 2021 with gradual improvements throughout the rest of 2021. There were no events subsequent to the balance sheet date that require adjustment or further disclosure within the financial statements.

DIRECTORS' REPORT (continued)

YEAR ENDED 31 DECEMBER 2020

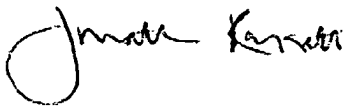
DISCLOSURE OF INFORMATION TO THE AUDITOR

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 himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR

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

Signed by order of the board of Directors



J J Raggett
Director

Date: 18.06.2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**YEAR ENDED 31 DECEMBER 2020**

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LAGGAN HOTEL MANAGEMENT LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2020

Opinion

We have audited the financial statements of The Laggan Hotel Management Limited (the 'company') for the year ended 31 December 2020 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended; and
- have been properly prepared in accordance with international accounting standards in conformity 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 Laggan Hotel Management Limited'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 THE LAGGAN HOTEL MANAGEMENT LIMITED (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

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 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the 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 THE LAGGAN HOTEL MANAGEMENT LIMITED (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

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.

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 identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were 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 loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- *Communicating identified laws and regulations throughout our 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.

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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE LAGGAN HOTEL MANAGEMENT LIMITED (continued)**

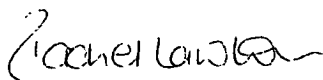
FOR THE YEAR ENDED 31 DECEMBER 2020

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

Tower Bridge House

St Katharine's Way

London

E1W 1DD

Date: 1 July 2021

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Revenue	2	50,113	542,438
Cost of sales		(173,568)	(407,735)
Gross (loss)/profit		(123,455)	134,703
Administrative expenses		(71,758)	(105,185)
Other operating income	3	40,066	-
(Loss)/profit from operations	4	(155,147)	29,518
Finance costs	6	(4,017)	(4,980)
(Loss)/profit before taxation		(159,164)	24,538
Taxation	7	3,103	(5,651)
(Loss)/profit for the year		(156,061)	18,887
Other comprehensive income		-	-
Total comprehensive (loss)/profit for the year		(156,061)	18,887

The notes on pages 15 to 30 form part of these financial statements.

All results relate to continuing operations.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

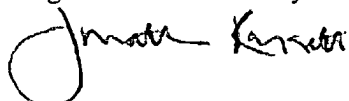
		2020	2019
	Note	£	£
Non-current assets			
Goodwill	8	163,000	163,000
Property, plant and equipment	9	216,366	256,055
Right-of-use-asset	10	229,727	287,159
		<u>609,093</u>	<u>706,214</u>
Current assets			
Inventories	11	1,561	1,793
Trade and other receivables	12	1,499	6,487
Cash and cash equivalents	13	101,517	497,702
		<u>104,577</u>	<u>505,982</u>
Total assets		<u>713,670</u>	<u>1,212,196</u>
Non-current liabilities			
Obligations under leases	17	176,626	233,588
		<u>176,626</u>	<u>233,588</u>
Current liabilities			
Amounts due to related parties	14	448,759	735,834
Trade and other payables	16	37,641	33,946
Obligations under leases	17	56,963	55,983
		<u>543,363</u>	<u>825,763</u>
Provision for liabilities			
Deferred tax	15	-	3,103
Total liabilities		<u>719,989</u>	<u>1,062,454</u>
Equity			
Share capital	20	100	100
Retained earnings		(6,419)	149,642
Total Equity		<u>(6,319)</u>	<u>149,742</u>
Total liabilities and equity		<u>713,670</u>	<u>1,212,196</u>

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

The notes on pages 15 to 30 form part of these financial statements.

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



J J Raggett
Director

Date: 18.06.2021

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital £	Retained earnings £	Total £
At 1 January 2019	100	130,755	130,855
Total comprehensive income for the year	-	18,887	18,887
At 1 January 2020	100	149,642	149,742
Total comprehensive expense for the year	-	(156,061)	(156,061)
At 31 December 2020	100	(6,419)	(6,319)

The notes on pages 15 to 30 form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
(Loss)/profit after taxation		(156,061)	18,887
<i>Adjustments for:</i>			
Depreciation on property, plant and equipment		45,583	54,070
Depreciation on right-of-use assets		57,432	57,431
Finance costs		4,017	4,980
Taxation		(3,103)	5,651
Profit from operations before changes in working capital		<u>52,132</u>	<u>141,019</u>
Decrease in inventories		232	64
Increase in trade and other receivables		4,990	(553)
Increase in trade and other payables		3,695	195
Net cash (used in)/generated from operations		<u>(43,215)</u>	<u>140,725</u>
Tax paid		-	(10,160)
Net cash generated from operating activities		<u>(43,215)</u>	<u>130,565</u>
Cash flows used in investing activities			
Purchase of property, plant and equipment		(5,895)	(37,212)
Proceeds on sale of property, plant and equipment		-	11,213
Additions to right-of-use assets		-	(344,590)
Net cash used in investing activities		<u>(5,895)</u>	<u>(370,589)</u>
Cash flows generated from financing activities			
Increase in amounts due to related parties		(287,075)	175,918
Interest on lease liability		(4,017)	(4,980)
(Decrease)/increase in lease liabilities		(55,982)	289,571
Net cash (used in)/ generated from financing activities		<u>(347,075)</u>	<u>460,509</u>
Net increase in cash and cash equivalents		(396,185)	220,485
Cash and cash equivalents at 1 January		497,702	277,217
Cash and cash equivalents at 31 December		<u><u>101,517</u></u>	<u><u>497,702</u></u>

The notes on pages 15 to 30 form part of these financial statements.

1. ACCOUNTING POLICIES

General information

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

Basis of preparation

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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.

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 £6,319 at 31 December 2020. 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.

Goodwill

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the company's interest in the fair value of the identifiable assets and liabilities acquired as at the date of exchange transaction.

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment or more regularly where an indication of impairment exists. When there is an impairment, goodwill is written down immediately to its recoverable amount and the impairment losses are recognised in the statement of comprehensive income. Impairment losses are not subsequently reversed.

Goodwill is allocated to the company's cash-generating units for the purpose of impairment testing, based on the benefits that are expected to be generated from the business combination from which the goodwill arose. Where the recoverable amount of the cash-generating unit is lower than the carrying amount of the unit, an impairment loss is recognised.

1. ACCOUNTING POLICIES (continued)

Property, plant and equipment

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

Depreciation

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

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

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.

Inventories

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

Government grants

Government grants relate to the Coronavirus Job Retention Scheme ("CJRS"). 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 costs are recognised in the profit or loss in the period in which they become receivable.

Government grants relating to income are presented separately in the statement of comprehensive income within 'other operating income'.

Pension costs

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

Current tax

The tax currently payable is based on taxable profit for the period. 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 periods 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.

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 de-recognition if the company transfers substantially all the risks and rewards of ownership of the asset.

1. ACCOUNTING POLICIES (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, 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 leases land and buildings. Rental contracts are typically made for fixed periods of 1 years but may have extension options.

Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative standalone prices. However, for leases of real estate for which the company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

1. ACCOUNTING POLICIES (continued)

Standards, amendments and interpretations adopted in the current financial year ended 31 December 2020

The adoption of the following mentioned standards, amendments and interpretations in the current year have not had a material impact on the Company's financial statements.

	EU effective date – periods beginning on or after	Non-EU effective date – periods beginning on or after
IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment): Definition of Material	1 January 2020	1 January 2020
IFRS 3 Business Combinations (Amendment): Definition of a Business	1 January 2020	1 January 2020
IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures (Amendments): Interest Rate Benchmark Reform	1 January 2020	1 January 2020
Conceptual Framework (Amendment): Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020	1 January 2020
IFRS 16 Leases (Amendment): Covid-19-related Rent Concessions	1 June 2020	1 June 2020

IFRS 16 COVID-19-Related Rent Concessions Amendment

The adoption of the IFRS 16 COVID-19-Related Rent Concessions Amendment in the current year has had a material impact on the Company's financial statements.

The Company has applied the practical expedient in paragraph 46A of the Covid-19-Related Rent Concessions Amendment to IFRS 16. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this Standard if the change were not a lease modification. The practical expedient has been applied to all rent concessions that meet the conditions of the amendment.

The Company has recognised a credit of £45,000 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.

1. ACCOUNTING POLICIES (continued)

Standards, amendments and interpretations in issue but not yet effective

The adoption of the following standards, amendments and interpretations in future years are not expected to have a material impact on the company's financial statements.

The company is however continuing to assess the full impact that adopting the standards will have on future financial statements, and therefore the full effect is yet to be determined.

	EU effective date – periods beginning on or after	Non-EU effective date – periods beginning on or after
IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases (Amendments): Interest Rate Benchmark Reform – Phase 2	1 January 2021	1 January 2021
IAS 16 Property, Plant and Equipment (Amendment): Proceeds before Intended Use	1 January 2022	1 January 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets: (Amendment): Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022	1 January 2022
IFRS 3 Business Combinations (Amendment): Reference to the Conceptual Framework	1 January 2022	1 January 2022
Annual Improvements to IFRSs (2018 – 2020 cycle)	1 January 2022	1 January 2022
IAS 1 Presentation of Financial Statements (Amendment): Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current – Deferral of Effective Date	1 January 2023	1 January 2023

Critical accounting judgements and sources of estimate uncertainty

The company's significant accounting policies are outlined in note 1 to the financial statements. The company Directors are required to conclude annually that the residual value of the property held exceeds the carrying value in the statement of financial position therefore eliminating the requirement for it to be depreciated.

Critical judgement in applying the company's accounting policies

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. There have been no indicators of impairments identified during the current financial year.

1. ACCOUNTING POLICIES (continued)

Key sources of estimation uncertainty

Right-of-use assets

The interest rate used to calculate the finance charge on a right-of-use asset 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:

	2020	2019
	£	£
United Kingdom	50,113	542,438
	<u>50,113</u>	<u>542,438</u>

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

	2020	2019
	£	£
Government grants receivable	40,066	-
	<u>40,066</u>	<u>-</u>

Government grants receivable relate to the Coronavirus Job Retention Scheme (CJRS).

4. (LOSS)/PROFIT FROM OPERATIONS

Operating (loss)/profit for the year is stated after charging:	2020	2019
	£	£
Depreciation of property, plant and equipment	45,583	54,070
Depreciation of right-of-use asset	57,432	57,431
Auditor's remuneration - as auditor	1,998	2,438
- taxation services	1,067	925
- other services	750	400
	<u>66,730</u>	<u>114,864</u>

5. STAFF NUMBERS AND COSTS

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

	2020	2019
	Number	Number
Management staff	2	2
Other staff - services	3	6
	<u>5</u>	<u>8</u>

The aggregate payroll costs of the above were:

	2020	2019
	£	£
Wages and salaries	88,309	175,778
Social security costs	7,118	15,083
Other pension costs	2,603	4,080
	<u>98,030</u>	<u>194,941</u>

No salaries, wages or pension 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 (2019: £nil).

The directors of the company are also considered to be key management personnel.

6. FINANCE COSTS

	2020	2019
	£	£
Interest expense on lease liabilities	4,017	4,980
	<u>4,017</u>	<u>4,980</u>

7. TAXATION

(a) Analysis of charge in the year	2020	2019
	£	£
Current tax		
Charge for the current year	-	10,160
In respect of prior years	-	-
	<u>-</u>	<u>10,160</u>
Deferred tax	-	-
Origination and reversal of timing difference	(6,257)	(4,509)
Adjustments in respect of prior periods	2,495	-
Effect of tax rate change on opening balance	659	-
	<u>(3,103)</u>	<u>-</u>
Total tax	<u>(3,103)</u>	<u>5,651</u>

(b) Factors affecting current tax charge

The tax assessed on the profit for the year varies from the effective rate of corporation tax in the UK of 19% (2019: 19%)

	2020	2019
	£	£
(Loss)/profit before taxation	<u>(159,164)</u>	<u>24,538</u>
(Loss)/profit at effective rate of 19% (2019: 19%)	(30,241)	4,662
Expenses not deductible for tax purposes	-	458
Group relief claimed	-	(10,160)
Payment for group relief	-	10,160
Adjustments in respect of previous periods – deferred tax	2,495	-
Adjustment to deferred tax due to change in rate	659	531
Deferred tax not recognised	<u>23,984</u>	<u>-</u>
Total current tax charge (note 7 (a))	<u>(3,103)</u>	<u>5,651</u>

7. TAXATION (continued)

(c) Factors that may affect future tax charges

No provision has been made for the deferred tax asset of £23,984 calculated at 19% (2019: £nil calculated at 17%) arising from depreciation of equipment, fixtures and fittings in excess of taxation allowances available 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.

8. GOODWILL

	£
Cost	
At 1 January 2019 and 1 January 2020	163,000
Additions	-
	<hr/>
At 31 December 2020	163,000
	<hr/>
Net book value	
At 31 December 2020	163,000
	<hr/>
At 31 December 2019	163,000
	<hr/>

Management has assessed the carrying value of goodwill and determined that there are no indicators of impairment.

9. PROPERTY, PLANT AND EQUIPMENT

	Fixtures & fittings £	Equipment £	Total £
Cost			
At 1 January 2019	439,599	600	440,199
Additions	37,212	-	37,212
Disposals	(27,957)	-	(27,957)
At 31 December 2019	448,854	600	449,454
Additions	5,895	-	5,895
Disposals	(36,725)	(600)	(37,325)
At 31 December 2020	418,024	-	418,024
Depreciation			
At 1 January 2019	155,603	470	156,073
Charge for the year	53,950	120	54,070
Disposals	(16,744)	-	(16,744)
At 31 December 2019	192,809	590	193,399
Charge for the year	45,553	30	45,583
Disposals	(36,704)	(620)	(37,324)
At 31 December 2020	201,658	-	201,658
Net book value			
At 31 December 2020	216,366	-	216,366
At 31 December 2019	256,045	10	256,055

10. RIGHT-OF-USE-ASSET

	Land & Buildings £	Total £
Cost		
At 1 January 2019	-	-
Additions	344,590	344,590
At 1 January 2020	344,590	344,590
Additions	-	-
At 31 December 2020	344,590	344,590
Depreciation		
At 1 January 2019	-	-
Charge for the year	57,431	57,431
At 1 January 2020	57,431	57,431
Charge for the year	57,432	57,432
At 31 December 2020	114,863	114,863
Net book value		
At 31 December 2020	229,727	229,727
At 31 December 2019	287,159	287,159

The Company leases a property for which the average lease term is 6 years.

Amounts recognised in the statement of comprehensive income

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

	2020 £	2019 £
Depreciation expense on right of use asset	57,432	57,431
Interest expense on lease liabilities	4,017	4,980
Changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient	(45,000)	-

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

THE LAGGAN HOTEL MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020

Company Registration No. 09310728

11. INVENTORIES	2020	2019
	£	£
Goods for resale	1,561	1,793
	<u> </u>	<u> </u>
12. TRADE AND OTHER RECEIVABLES	2020	2019
	£	£
Prepayments and accrued income	1,499	6,487
	<u> </u>	<u> </u>
13. CASH AND CASH EQUIVALENTS	2020	2019
	£	£
Cash and cash equivalents	101,517	497,702
	<u> </u>	<u> </u>
14. AMOUNTS DUE TO RELATED PARTIES	2020	2019
	£	£
Amounts owed to related parties (note 19)	448,759	735,834
	<u> </u>	<u> </u>
Amounts owed to related parties are interest free, unsecured and repayable on demand.		
15. DEFERRED TAXATION		
	2020	2019
	£	£
Balance brought forward	3,103	7,612
Charge during the year	(3,103)	(4,509)
	<u> </u>	<u> </u>
Balance carried forward	-	3,103
	<u> </u>	<u> </u>

The company's provision for deferred taxation liability consists of the tax effect of timing differences in respect of:

	2020	2019
	£	£
Origination and reversal of timing differences	4,623	3,103
Losses and other deductions	(4,623)	-
	<u> </u>	<u> </u>
	-	3,103
	<u> </u>	<u> </u>

Deferred tax liability has been calculated at 19% (2019: 17%).

16. TRADE AND OTHER PAYABLES	2020	2019
Trade payables	-	-
PAYE and social security	3,497	13,639
Corporation Tax	27,271	10,160
Accruals	6,873	10,147
	<u>37,641</u>	<u>33,946</u>
	<u><u>37,641</u></u>	<u><u>33,946</u></u>
17. LEASE LIABILITIES	2020	2019
	£	£
Analysed as:		
Current	56,963	55,983
Non-current	176,626	233,588
	<u>233,589</u>	<u>289,571</u>
	<u><u>233,589</u></u>	<u><u>289,571</u></u>
<i>Maturity Analysis</i>		
Current	56,963	55,983
Non-current	176,626	233,588
	<u>233,589</u>	<u>289,571</u>
	<u><u>233,589</u></u>	<u><u>289,571</u></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:

- a) to finance its operations;
- b) to manage its exposure to interest risk from its operations and from its sources of finance; and
- c) for trading purposes.

In addition, various financial instruments (e.g. trade receivables and trade payables) arise directly from the company's operations.

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The company has no significant concentrations of credit risk. Amounts shown in the statement of financial position best represent the maximum credit risk exposure in the event of other parties failing to perform their obligations under financial instruments.

The company monitors credit risk closely and considers that its current policies of credit checks meet its objectives of managing exposure to credit risk.

The ultimate parent entity confirms that group liabilities will not be demanded whilst the company's liabilities exceed its assets.

Liquidity risk

The company at all times maintains adequate committed credit facilities in order to meet all its commitments as and when they fall due. Long term borrowing, where it exists, is funded from within the Travel Corporation group. The Travel Corporation Limited has guaranteed to provide any future funding requirements of the company to enable it to meet its liabilities as they fall due. Unless disclosed, related party receivables and loans do not bear interest and the directors are of the opinion that the carrying value is not materially different from the fair value.

Interest rate risk

The company is exclusively funded by related party borrowings which are interest free.

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 exchange rates.

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.

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.

19. RELATED PARTY TRANSACTIONS

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

	2020 £	2019 £
The Laggan Travcorp – Rent payable	15,000	60,000
Trafalgar Tours Limited – Management Fee	-	100,000
	<u>15,000</u>	<u>160,000</u>

Amounts owing to related parties, which are unsecured, interest free and payable within one year:

	2020 £	2019 £
Red Carnation Hotels (U.K.) Limited	431,967	719,042
The Travel Corporation Limited	16,792	16,792
	<u>448,759</u>	<u>735,834</u>

20. SHARE CAPITAL

	2020 Number	2020 £	2019 Number	2019 £
Allotted, called up and fully paid				
Ordinary shares of £1 each	100	100	100	100
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Equity shares				
Ordinary shares of £1 each	100	100	100	100
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

21. EVENTS AFTER THE REPORTING DATE

Since the year end, the company has continued to be faced by the challenges of Covid-19 which is impacting the business and trade in 2021, due to the government imposed restrictions on the industry enforced from the end of 2020 until May 2021. The company expects to see improved performance from May 2021 with gradual improvements throughout the rest of 2021. There were no events subsequent to the balance sheet date that require adjustment or further disclosure within the financial statements.

23. 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 smallest group in which they are consolidated is that headed by Red Carnation Hotel Group Limited (previously Mountbatten Limited), its immediate parent company, a company registered in the British Virgin Islands.

The financial statements of The Travel Corporation Limited are not available to the public.