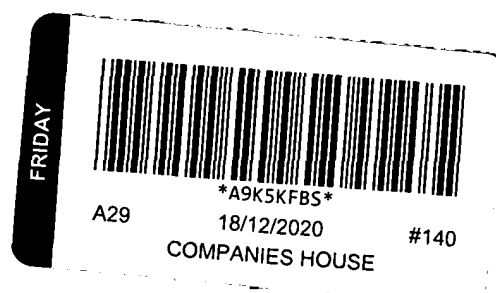


Amaris Hospitality Limited

Director's report and financial statements

Year ended 31 December 2019

Registered number: 09819939



Amaris Hospitality Limited

Director's report and financial statements

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Amaris Hospitality Limited

Director and other information

Director

Christos Dimitriadis

Registered office

60 Welbeck Street
London,
England,
W1G 9XB
United Kingdom

Auditor

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Principal banker

HSBC UK Bank Plc
London Commercial Banking Centre Level 6
71 Queen Victoria Street
London
EC4V 4AY

Registered number

09819939

Amaris Hospitality Limited

Strategic report

Principal activities

The main activity of Amaris Hospitality Limited ("the Company") continues to be the operation of a hotel in the United Kingdom.

Review of business

The Company achieved a turnover of £8,573k in the year ended 31 December 2019 (2018: £10,350k).

The Company produced an operating loss of £1,556k in the year ended 31 December 2019, which was a decrease on the operating profit recognised to 31 December 2018 (2018: £1,317k).

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

	2019	2018
Gross profit %	N/A	N/A
Operating (loss)/profit %	(18)	13

The Company expects 2020 reported results to improve on 2019 given that the driver of 2019 losses was predominantly set up activity for the operating model which was completed in 2019. In 2020 the company expects to make a profit.

Principal risks and uncertainties

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

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

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

Key performance indicators

Key financial performance indicators include:

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

Amaris Hospitality Limited

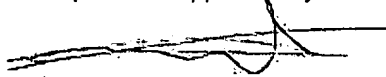
Strategic report *(continued)*

Key performance indicators *(continued)*

Key non-financial performance indicators include:

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

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



Christos Dimitriadis
Director

Amaris Hospitality Limited

Director's report

The director submits his report and the audited financial statements of Amaris Hospitality Limited ("the Company") for the year ended 31 December 2019 ("the year").

Principal activity, business review and future developments

The Company's principal activity during the year was that of a Management Company.

Basis of preparation - going concern

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

- On 31 January 2020, the World Health Organisation ("WHO") announced COVID-19 as a global health emergency. On 11 March 2020, the WHO declared it to be a pandemic in recognition of its rapid spread across the globe. Since the year end, the COVID-19 pandemic has resulted in a significant reduction in revenue for the Company due to ongoing International travel restrictions, Government restrictions on large gatherings and the general negative impact that the pandemic has had on the hospitality and tourism sectors. The implications of the pandemic are being appropriately managed and the resulting effects are expected to be short term.
- In response to the pandemic, the Company's hotels were closed in accordance with government guidelines with the exception of services provided to essential workers. The Company put in place a plan to mitigate the impact of market conditions on the Company. This included significantly reducing the Company's expenditure, suspending all unnecessary services and availing of the government scheme to furlough the majority of its staff.
- The Company entered into a loan agreement with its principal banker in November 2020. This facility provides Amaris Hospitality Limited and its fellow group companies with sufficient funding to enable them to meet all of their liabilities as they fall due for the foreseeable future. As required, Amaris Hospitality Limited will provide funding to each of its fellow group companies to enable them to meet their liabilities as they fall due for the foreseeable future.
- The director and management have prepared detailed forecasts for the Company to 31 December 2021 which incorporate the funding available from the newly agreed loan facility and the directors' best estimates of cash flows as the hotel begins to resume normal operations. These forecasts indicate that the Company will have sufficient cashflows to enable it to continue in operational existence for the foreseeable future.

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

Amaris Hospitality Limited

Director's report *(continued)*

Results and dividends

The results of the Company for the year are set out in the profit and loss account and other comprehensive income on page 12 and in the related notes.

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

Director and his interests

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

Christos Dimitriadis

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

Subsequent events

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

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

Political and charitable donations

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

Financial risk management

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

Liquidity risk

The Company's debt structure is designed to ensure that the Company has sufficient available funds for operations.

Disclosure of information to the auditor

The director confirms that:

- in so far as the director is aware, there is no relevant audit information of which the Company's auditors is unaware; and
- that the director 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 auditor is aware of such information.

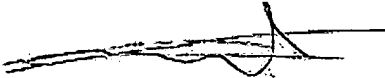
Amaris Hospitality Limited

Director's report *(continued)*

Auditor

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

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



Christos Dimitriadis
Director

14 December 2020

Amaris Hospitality Limited

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

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


Company law requires the director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

Under Company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the director is required to:

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

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is responsible for such internal controls as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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



Christos Dimitriadis
Director

14 December 2020



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

Independent auditor's report to the members of Amaris Hospitality Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Amaris Hospitality Limited ("the Company") for the year ended 31 December 2019 set out on pages 11 to 23, which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is UK Law and FRS 102 *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of matter – Covid-19

We draw attention to note 2.6 and 18 to the financial statements concerning the impact of Covid-19. The ultimate outcome of Covid-19 cannot presently be foreseen and therefore the ultimate impact on the entity is unknown. Our opinion is not modified in respect of this matter.

We have nothing to report on going concern

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

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



Independent auditor's report to the members of Amaris Hospitality Limited
(continued)

Report on the audit of the financial statements (continued)

We have nothing to report on going concern (continued)

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

Other information

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

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

Based solely on our work on the other information;

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.



Independent auditor's report to the members of Amaris Hospitality Limited (continued)

Respective responsibilities and restrictions on use

Responsibilities of the director for the financial statements

As explained more fully in the director's responsibilities statement set out on page 7, the director is responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless he either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

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

Eamon Dillon

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

15 December 2020

Amaris Hospitality Limited

Profit and loss account and other comprehensive income for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Turnover	3	8,573	10,350
Administration expenses		(10,129)	(2,655)
Exceptional items	7	-	(6,378)
		<hr/>	<hr/>
Operating (loss)/profit	4	(1,556)	1,317
Interest payable and similar charges	8	-	(92)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation		(1,556)	1,225
Tax on (loss)/profit on ordinary activities	9	(947)	-
		<hr/>	<hr/>
(Loss)/profit for the financial year		(2,503)	1,225
Other comprehensive income		-	-
		<hr/>	<hr/>
Total comprehensive (expense)/income for the year		(2,503)	1,225
		<hr/>	<hr/>

The notes on pages 14 to 23 form part of these financial statements.

Amaris Hospitality Limited

Balance sheet

as at 31 December 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	10	2,762	1,254
		<hr/>	<hr/>
Current assets			
Debtors	11	25,680	13,320
Cash at bank and in hand		903	4,378
		<hr/>	<hr/>
		26,583	17,698
Creditors: amounts falling due within one year	12	(31,064)	(18,168)
		<hr/>	<hr/>
Net current liabilities		(4,481)	(470)
		<hr/>	<hr/>
Total assets less current liabilities		(1,719)	784
		<hr/>	<hr/>
Net (liabilities)/assets		(1,719)	784
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	14	-	-
Profit and loss account		(1,719)	784
		<hr/>	<hr/>
Total shareholders' (deficit)/funds		(1,719)	784
		<hr/>	<hr/>

The notes on pages 14 to 23 form part of these financial statements.

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



Christos Dimitriadis
Director

Company registration number: 09819939

Amaris Hospitality Limited

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

	Called up share capital £'000	Profit and loss account £'000	Total shareholders' deficit £'000
At 31 December 2017	-	(441)	(441)
Comprehensive income for the year			
Profit for the financial year	-	1,225	1,225
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	1,225	1,225
	<hr/>	<hr/>	<hr/>
At 31 December 2018	-	784	784
	<hr/>	<hr/>	<hr/>
Comprehensive expense for the year			
Loss for the financial year	-	(2,503)	(2,503)
	<hr/>	<hr/>	<hr/>
Total comprehensive expense for the year	-	(2,503)	(2,503)
	<hr/>	<hr/>	<hr/>
At 31 December 2019	-	(1,719)	(1,719)
	<hr/>	<hr/>	<hr/>

The notes on pages 14 to 23 form part of these financial statements.

Amaris Hospitality Limited

Notes

forming part of the financial statements

1 Reporting entity

Amaris Hospitality Limited is a Company that is incorporated in the United Kingdom. The Company's registered number is 09819939 and the registered office is 60 Welbeck Street, London, England, W1G 9XB.

2 Significant accounting policies

2.1 Basis of preparation of financial statements

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

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

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

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

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

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

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

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

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

2.2 Basis of measurement

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

2.3 Functional currency

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

Amaris Hospitality Limited

Notes (continued)

2 Significant accounting policies (continued)

2.4 Use of estimates and judgements

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

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

2.5 Trade and other receivables

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

2.6 Basis of preparation - going concern

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

- On 31 January 2020, the World Health Organisation ("WHO") announced COVID-19 as a global health emergency. On 11 March 2020, the WHO declared it to be a pandemic in recognition of its rapid spread across the globe. Since the year end, the COVID-19 pandemic has resulted in a significant reduction in revenue for the Company due to ongoing International travel restrictions, Government restrictions on large gatherings and the general negative impact that the pandemic has had on the hospitality and tourism sectors. The implications of the pandemic are being appropriately managed and the resulting effects are expected to be short term.
- In response to the pandemic, the Company's hotels were closed in accordance with government guidelines with the exception of services provided to essential workers. The Company put in place a plan to mitigate the impact of market conditions on the Company. This included significantly reducing the Company's expenditure, suspending all unnecessary services and availing of the government scheme to furlough the majority of its staff.
- The Company entered into a loan agreement with its principal banker in November 2020. This facility provides Amaris Hospitality Limited and its fellow group companies with sufficient funding to enable them to meet all of their liabilities as they fall due for the foreseeable future. As required, Amaris Hospitality Limited will provide funding to each of its fellow group companies to enable them to meet their liabilities as they fall due for the foreseeable future.
- The director and management have prepared detailed forecasts for the Company to 31 December 2021 which incorporate the funding available from the newly agreed loan facility and the directors' best estimates of cash flows as the hotel begins to resume normal operations. These forecasts indicate that the Company will have sufficient cashflows to enable it to continue in operational existence for the foreseeable future.

Amaris Hospitality Limited

Notes *(continued)*

2 Significant accounting policies *(continued)*

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

2.7 Taxation

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

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

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

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

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

Amaris Hospitality Limited

Notes *(continued)*

2 Significant accounting policies *(continued)*

2.8 Financial instruments

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

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

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

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

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

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

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

(ii) Non-derivative financial assets – measurement

Loans and receivables

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

(iii) Non-derivative financial liabilities – measurement

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

(iv) Ordinary shares

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

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

Amaris Hospitality Limited

Notes (continued)

2 Significant accounting policies (continued)

2.9 Provisions and contingent liabilities

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

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

2.10 Tangible assets

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

Depreciation

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

The estimated useful lives range as follows:

Plant and equipment	-	10 years
Computer equipment	-	3 years

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

2.11 Exceptional items

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

3 Turnover

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

4 (Loss)/profit before taxation

(Loss)/profit after taxation is stated after charging:

	2019 £000	2018 £000
Depreciation of tangible assets	236	33
Auditor's remuneration	300	552
	<hr/>	<hr/>

Amaris Hospitality Limited

Notes (continued)

5 Staff numbers and costs	2019	2018
	£'000	£'000
Staff costs were as follows:		
Wages and salaries	3,268	1,634
Social security costs	327	242
Pension costs	108	46
	<hr/>	<hr/>
	3,703	1,922
	<hr/>	<hr/>

The average number of staff in the year was 94 (2018: 23).

6 Director's remuneration

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

7 Exceptional items	2019	2018
	£000	£000
Loan waivers	-	6,378
	<hr/>	<hr/>
	-	6,378
	<hr/>	<hr/>

On 1 April 2018 the shareholders of the Company undertook an intercompany rationalisation exercise to eliminate intercompany balances and simplify the legal entity structure of the entities under its common control. This rationalisation was initiated by the director of the Company following the acquisition by the new parent. £6,378k was forgiven by the Company in 2018.

8 Interest payable and similar charges	2019	2018
	£000	£000
Bank charges	-	5
Interest payable to group undertakings	-	87
	<hr/>	<hr/>
	-	92
	<hr/>	<hr/>

Amaris Hospitality Limited

Notes (continued)

9 Tax charge on (loss)/profit on ordinary activities	2019 £'000	2018 €'000
<i>Corporation tax</i>		
Adjustment in respect of previous period	947	-
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
	<hr/>	<hr/>
Total tax charge	947	-
	<hr/>	<hr/>

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

The differences are explained below:

	2019 £'000	2018 €'000
(Loss)profit on ordinary activities before taxation	(1,556)	1,225
	<hr/>	<hr/>
(Loss)profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19.00%)	(296)	233
<i>Effects of:</i>		
Losses not utilised	-	(233)
Expenses not deductible	474	-
Effects of group relief/other reliefs	(171)	-
Adjustment from previous periods	947	-
Movement in deferred tax not recognised	(7)	-
	<hr/>	<hr/>
Total tax charge for the year	947	-
	<hr/>	<hr/>

Factors that may affect future tax charges

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

Amaris Hospitality Limited

Notes (continued)

10 Tangible assets

Fixtures, Fittings and equipment 2019 £'000

Cost

At 1 January 2019

1,287

Additions in year

1,744

At 31 December 2019

3,031

Accumulated depreciation

At 1 January 2019

(33)

Charge for the year

(236)

At 31 December 2019

(269)

Net book value

At 1 January 2019

1,254

At 31 December 2019

2,762

11 Debtors

2019
£'000

2018
£'000

Other debtors

400

828

Amount due from fellow group undertakings

24,996

10,489

Amounts due to third parties

-

780

VAT

284

1,223

25,680

13,320

Amounts due from group undertakings are interest free and repayable on demand.

12 Creditors: amounts falling due within one year

2019
£'000

2018
£'000

Trade creditors

225

458

Other creditors

288

1,328

Accruals

1,467

3,737

Amounts due to fellow group companies

24,301

6,681

Amounts due to third parties

3,836

5,964

Corporation tax

947

-

31,064

18,168

Amounts due to group undertakings are interest free and repayable on demand.

Amaris Hospitality Limited

Notes (continued)

13 Financial instruments	2019	2018
	£'000	£'000

The Company had the following financial instruments:

Financial assets

Financial assets that are debt instruments measured at amortised cost

25,680	13,320
---------------	---------------

Financial liabilities

Financial liabilities measured at amortised cost

(31,064)	(18,168)
-----------------	-----------------

14 Called up share capital	2019	2018
	£	£

Allotted and fully paid

1 ordinary shares of £1 each

1	1
----------	----------

15 Commitments

At 31 December 2019, the Company had no capital commitments (2018: £Nil).

16 Group relationships and ultimate controlling parties

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

17 Related party transactions

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

There were no other related party transactions.

18 Subsequent events

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

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

Amaris Hospitality Limited

Notes *(continued)*

19 Transition to FRS 102

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

20 Approval of the financial statements

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