

Company Registration No. 11838884

**Annual Report for the year ended 31 December
2022**

**Princes Street Hotel
Management Limited**

SATURDAY



ACC7WP8R

A15

16/09/2023

#34

COMPANIES HOUSE

PRINCES STREET HOTEL MANAGEMENT LIMITED

Company Registration No. 11838884

COMPANY INFORMATION

Directors

J J Raggett
V O'Hana

Company Secretary

S Royce

Company registration number

11838884

Registered office

14 Grosvenor Place
London
SW1X 7HH

Auditor

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

PRINCES STREET HOTEL MANAGEMENT LIMITED

Company Registration No. 11838884

CONTENTS PAGE

Strategic report	1-2
Directors' report	3-4
Statement of Directors' responsibilities	5
Independent auditor's report	6-9
Statement of comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Statement of cash flows	13
Notes to the financial statements	14-24

PRINCES STREET HOTEL MANAGEMENT LIMITED

Company Registration No. 11838884

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2022

The Directors present their Strategic Report for the Company for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was hotel operations and management. The Company was incorporated as a hotel operating company. As yet the hotel is not yet operational and is being refurbished but management are expecting to open as a 5-star hotel in Edinburgh in October 2023.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Company has not yet commenced trading.

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

Occupancy levels

Average room rates

Revenue per available room

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

The Company is currently in a net liability position with total liabilities exceeding total assets by £221,271 (2021: £112,825) and continues to be reliant on the support of its ultimate parent company.

The development of the hotel will continue during the year with an opening planned for October 2023. The ultimate parent company will continue to fund the refurbishment.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £108,446 (2021: £57,975). The Directors do not recommend the payment of a dividend (2021: £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.

PRINCES STREET HOTEL MANAGEMENT LIMITED

Company Registration No. 11838884

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2022

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

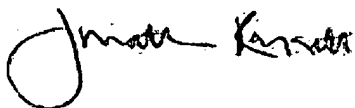
Princes Street Hotel Management Limited mitigates the risk of an economic downturn utilising financial support from The Travel Corporation, its ultimate parent company. This allows them to manage short and medium term fluctuations in demand.

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 Global Covid-19 pandemic has impacted the Company and wider group for the past few years, however with all restrictions lifted during 2021, the Company and wider group is seeing the market and industry recovering well.

We have considered the potential impact of Russian forces entering Ukraine on the business and consider there to be no direct impact on the business, however the increase in energy prices has had an indirect affect on costs through our supply chain.

Signed by order of the Directors



J J Raggett
Director

Date: 18th July 2023

PRINCES STREET HOTEL MANAGEMENT LIMITED

Company Registration No. 11838884

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2022.

MATTERS COVERED IN THE STRATEGIC REPORT

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

FINANCIAL INSTRUMENTS

Details of the Company's financial risk management objectives and policies are included in note 11 to the accounts.

DIRECTORS

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

J J Raggett

V O'Hana

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

GOING CONCERN

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

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

POLITICAL CONTRIBUTIONS

The Company made no political contributions during the financial year (2021: £nil).

EVENTS AFTER THE REPORTING DATE

There have been no significant events affecting the Company since the year end. The hotel has not yet opened.

PRINCES STREET HOTEL MANAGEMENT LIMITED

Company Registration No. 11838884

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2022

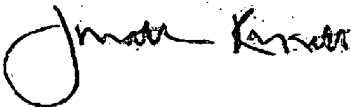
DISCLOSURE OF INFORMATION TO THE AUDITOR

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: 18th July 2023

PRINCES STREET HOTEL MANAGEMENT LIMITED

Company Registration No. 11838884

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards 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 UK-adopted international accounting standards have been followed subject to any material departures disclosed and explained in the financial statements
- provide additional disclosures when compliance with specific requirements in UK-adopted international accounting standards 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.

PRINCES STREET HOTEL MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRINCES STREET HOTEL MANAGEMENT LIMITED YEAR ENDED 31 DECEMBER 2022

Opinion

We have audited the financial statements of Princes Street Hotel Management Limited (the 'Company') for the year ended 31 December 2022 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended; and
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

PRINCES STREET HOTEL MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRINCES STREET HOTEL MANAGEMENT LIMITED (continued) YEAR ENDED 31 DECEMBER 2022

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

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

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

PRINCES STREET HOTEL MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRINCES STREET HOTEL MANAGEMENT LIMITED (continued) YEAR ENDED 31 DECEMBER 2022

Auditor's responsibilities for the audit of the financial statements

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

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

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

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation and anti-money laundering regulation.

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

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

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

PRINCES STREET HOTEL MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRINCES STREET HOTEL MANAGEMENT LIMITED (continued) YEAR ENDED 31 DECEMBER 2022

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

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

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

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

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

Use of the audit report

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



Rachel Lawton (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London
EC4M 7AU
Date: 20 July 2023

PRINCES STREET HOTEL MANAGEMENT LIMITED

Company Registration No. 11838884

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Administrative expenses		(91,117)	(47,444)
Loss from operations	2	(91,117)	(47,444)
Finance costs	3	(17,329)	(10,531)
Loss before tax		(108,446)	(57,975)
Taxation charge	5	-	-
Loss for the year		(108,446)	(57,975)
Other comprehensive income		-	-
Total comprehensive loss for the year		(108,446)	(57,975)

All results relate to continuing operations.

The notes on pages 14 to 24 form part of these financial statements.

PRINCES STREET HOTEL MANAGEMENT LIMITED

Company Registration No. 11838884

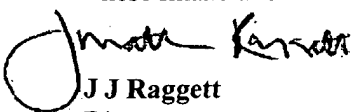
STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Non-current assets			
Property, plant and equipment	6	325,962	300,805
		<u>325,962</u>	<u>300,805</u>
Current assets			
Trade and other receivables	7	680	4,797
Amounts due from related parties	8	9,480	83,639
Cash and cash equivalents		12,588	28,525
		<u>22,748</u>	<u>116,961</u>
Total assets		<u>348,710</u>	<u>417,766</u>
Non-current liabilities			
Amounts due to related parties	9	536,655	519,326
		<u>536,655</u>	<u>519,326</u>
Current liabilities			
Trade and other payables	10	6,324	4,371
Amounts due to related parties	9	27,002	6,894
		<u>33,326</u>	<u>11,265</u>
Total liabilities		<u>569,981</u>	<u>530,591</u>
Equity			
Share capital	13	1	1
Retained earnings		(221,272)	(112,826)
Total equity		<u>(221,271)</u>	<u>(112,825)</u>
Total liabilities and equity		<u>348,710</u>	<u>417,766</u>

The notes on pages 14 to 24 form part of these financial statements.

These financial statements were approved by the Directors and are signed on their behalf by:


J J Raggett
Director

Date: 18th July 2023

PRINCES STREET HOTEL MANAGEMENT LIMITED

Company Registration No. 11838884

STATEMENT OF CHANGES IN EQUITY**YEAR ENDED 31 DECEMBER 2022**

	Note	Share capital £	Retained earnings £	Total £
At 1 January 2021		1	(54,851)	(54,850)
Total comprehensive loss for the year		-	(57,975)	(57,975)
At 31 December 2021		1	(112,826)	(112,825)
Total comprehensive loss for the year		-	(108,446)	(108,446)
At 31 December 2022	13	1	(221,272)	(221,271)

The notes on pages 14 to 24 form part of these financial statements.

PRINCES STREET HOTEL MANAGEMENT LIMITED

Company Registration No. 11838884

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Loss after taxation		(108,446)	(57,975)
<i>Adjustments for:</i>			
Finance costs	3	17,329	10,531
Taxation	5	-	-
		<u>(91,117)</u>	<u>(47,444)</u>
Cash flow used in operations before changes in working capital			
Decrease in trade and other receivables	7	4,117	3,619
Increase in trade and other payables	10	1,953	4,371
		<u>(85,047)</u>	<u>(39,454)</u>
Cash used in operations			
Interest paid	3	(17,329)	(10,531)
		<u>(102,376)</u>	<u>(49,985)</u>
Net cash used in operating activities			
Cash flows used in investing activities			
Purchase of property, plant and equipment	6	(25,157)	(257)
		<u>(25,157)</u>	<u>(257)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Increase in amounts due to related parties	9	37,437	17,425
Decrease in amounts due from related parties	8	74,159	28,850
		<u>111,596</u>	<u>46,275</u>
Net cash generated from financing activities			
Net decrease in cash and cash equivalents		(15,937)	(3,967)
Cash and cash equivalents at 1 January		28,525	32,492
		<u>12,588</u>	<u>28,525</u>
Cash and cash equivalents at 31 December			

The notes on pages 14 to 24 form part of these financial statements.

PRINCES STREET HOTEL MANAGEMENT LIMITED

Company Registration No. 11838884

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES

General information

Princes Street 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.

Basis of preparation

The financial statements have been prepared in accordance with UK-adopted international accounting standards. These financial statements have been prepared under historical cost convention. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements have been presented in Pounds Sterling as this is the currency of the primary economic environment that the Company operates in.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors have considered the ongoing impact of the war in Ukraine 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 £221,271 at 31 December 2022. 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.

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:

Assets under construction - There is no depreciation charge as the assets are not yet in use, and therefore there is no economic benefit to the assets.

PRINCES STREET HOTEL MANAGEMENT LIMITED

Company Registration No. 11838884

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES (CONTINUED)

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.

Current tax

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

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.

PRINCES STREET HOTEL MANAGEMENT LIMITED

Company Registration No. 11838884

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES (CONTINUED)

Financial instruments

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

Financial assets

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

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

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

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

Financial liabilities

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

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

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

After initial recognition, interest bearing loans and borrowings are measured at amortised cost using the effective interest method. Gains or losses are recognised in the statement of comprehensive income when liabilities are derecognised or impaired, as well as through the amortisation process.

PRINCES STREET HOTEL MANAGEMENT LIMITED

Company Registration No. 11838884

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

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.

Impact of new international reporting standards, amendments and interpretations

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

Standards, amendments and interpretations in issue but not yet effective

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

PRINCES STREET HOTEL MANAGEMENT LIMITED

Company Registration No. 11838884

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

2. LOSS FROM OPERATIONS

Included in the loss for the year are the following:	2022	2021
	£	£
Auditor's remuneration - as auditors	3,800	4,563
- taxation services	2,000	1,750
- other services	500	560
	<u> </u>	<u> </u>

3. FINANCE COSTS

	2022	2021
	£	£
Interest payable on loans from related parties (note 12)	17,329	10,531
	<u> </u>	<u> </u>

4. STAFF NUMBERS AND COSTS

The average number of persons (including directors) employed by the Company during the financial period amounted to:

	2022	2021
	Number	Number
Management staff	2	2
	<u> </u>	<u> </u>
	2	2
	<u> </u>	<u> </u>

No salaries or wages have been paid to the Directors in the year and no contributions were made to a pension on behalf of a Director (2021: £nil).

PRINCES STREET HOTEL MANAGEMENT LIMITED

Company Registration No. 11838884

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

5. TAXATION

(a) Analysis of charge in the year	2022 £	2021 £
Current tax:	-	-
Total tax charge	-	-

(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% (2021: 19%).

	2022 £	2021 £
Loss before taxation	(108,446)	(57,975)
Loss at effective rate of 19% (2021: 19%)	(20,605)	(11,015)
Fixed asset differences	(152)	-
Expenses not deductible for tax purposes	25	-
Surrender of group relief	-	16,726
Movement in deferred tax not recognised	20,732	(5,711)
Total current tax charge (note 5(a))	-	-

No provision has been made for the deferred tax asset in the current year of £51,073 calculated at 25% (2021: £5,711 calculated at 25%) arising from depreciation of equipment, fixtures and fittings in excess of taxation allowances available and available losses, because the timing of taxable profits is uncertain.

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

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

PRINCES STREET HOTEL MANAGEMENT LIMITED

Company Registration No. 11838884

NOTES TO THE FINANCIAL STATEMENTS**YEAR ENDED 31 DECEMBER 2022****6. PROPERTY, PLANT & EQUIPMENT**

	Assets under construction £	Total £
Cost		
At 1 January 2021	300,548	300,548
Additions	257	257
	<hr/>	<hr/>
At 1 January 2022	300,805	300,805
Additions	25,157	25,157
	<hr/>	<hr/>
At 31 December 2022	325,962	325,962
	<hr/> <hr/>	<hr/> <hr/>
Depreciation		
At 1 January 2021	-	-
Charge for the period	-	-
	<hr/>	<hr/>
At 1 January 2022	-	-
Charge for the year	-	-
	<hr/>	<hr/>
At 31 December 2022	-	-
	<hr/> <hr/>	<hr/> <hr/>
Net book value		
At 31 December 2022	325,962	325,962
	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2021	300,805	300,805
	<hr/> <hr/>	<hr/> <hr/>

7. TRADE AND OTHER RECEIVABLES

	2022 £	2021 £
Prepayments and accrued income	680	4,797
	<hr/>	<hr/>
	680	4,797
	<hr/> <hr/>	<hr/> <hr/>

8. AMOUNTS DUE FROM RELATED PARTIES

Amounts owed by related parties, which are unsecured, interest free and repayable within one year were:

	2022 £	2021 £
Due in more than one year		
Red Carnation Hotels (U.K) Limited	9,480	79,675
Trafalgar Management Services Limited	-	3,964
	<hr/>	<hr/>
	9,480	83,639
	<hr/> <hr/>	<hr/> <hr/>

PRINCES STREET HOTEL MANAGEMENT LIMITED

Company Registration No. 11838884

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

9. AMOUNTS DUE TO RELATED PARTIES

Amounts owed to related parties which are unsecured, and repayable after more than one year were:

	2022 £	2021 £
Due within one year		
RCH Scotland Travcorp Ltd	27,002	6,894
Due in more than one year		
Travcorp Financial Services Limited	536,655	519,326
	<u>563,657</u>	<u>526,220</u>

The loan bears interest at 2% above the bank base rate (see note 12).

10. TRADE AND OTHER PAYABLES

	2022 £	2021 £
Trade payables	259	1,763
Accruals and deferred income	6,065	2,608
	<u>6,324</u>	<u>4,371</u>

11. 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. related party receivables, related party payables, and other) 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.

PRINCES STREET HOTEL MANAGEMENT LIMITED

Company Registration No. 11838884

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

11. 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. Repayments of related party balances are not expected within five years.

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. Travcorp Financial Services 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.

Interest rate sensitivity analysis

Interest rate sensitivity analysis has been determined based on the exposure to interest rates for non-derivative instruments at the statement of financial position date. Based on the above assumptions if interest rates had been 0.5% higher/lower and all other variables were held constant, the Directors have concluded that there would not be a material impact on the financial statements.

Foreign exchange risk

The Company operates exclusively within the UK and is not directly exposed to foreign exchange risk. Hedging instruments are therefore not used and there would be no financial impact of a change in the exchange rates.

Capital risk management

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

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

Term and debt repayment analysis

In respect of interest-bearing financial liabilities, the table below indicates their effective interest rates at the statement of financial position date.

PRINCES STREET HOTEL MANAGEMENT LIMITED

Company Registration No. 11838884

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

12. RELATED PARTY TRANSACTIONS

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

	2022	2021
	£	£
Travcorp Financial Services Limited Loan interest	17,329	10,531

Amounts owed by related parties, which are unsecured, interest free and repayable within one year were:

	2022	2021
	£	£
Red Carnation Hotels (U.K) Limited	9,480	79,675
Trafalgar Management Services Limited	-	3,964

Amounts owing to related parties, which are unsecured and payable outside one year were:

	2022	2021
	£	£
Travcorp Financial Services Limited	536,655	519,326
RCH Scotland Travcorp Ltd	27,002	6,894

The loan with Travcorp Financial Services Limited bears interest at 2% above the bank base rate (see note 9).

13. SHARE CAPITAL

	2022		2021	
	Number	£	Number	£
Allotted, called up and fully paid				
Ordinary shares of £1 each	1	1	1	1
Equity shares				
Ordinary shares of £1 each	1	1	1	1

PRINCES STREET HOTEL MANAGEMENT LIMITED

Company Registration No. 11838884

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

14. EVENTS AFTER THE REPORTING DATE

There have been no significant factors affecting the Company since the year end. The hotel has not yet opened.

15. 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 Company's controlling party.

The largest group in which the results of the Company are consolidated is that headed by The Travel Corporation Limited, a company incorporated in the British Virgin Islands. The financial statements of this company are not available to the public.