

Registration number: 12764529

Rare Bird Hotels at Streatley Limited

Annual report and financial statements for the period ended 3 October 2021

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Rare Bird Hotels at Streatley Limited

Contents

Company information	1
Directors' report	2
Directors' responsibilities statement	4
Independent auditor's report	5
Profit and loss account	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11

Rare Bird Hotels at Streatley Limited
Strategic report
for the period ended 3 October 2021

Company information

Director	Y Malkov
Registered office	Runway East 20 St. Thomas Street London SE1 9RS
Independent auditor	RSM UK Audit LLP 25 Farringdon Street London EC4A 4AB United Kingdom

**Rare Bird Hotels at Streatley Limited
Directors' report (continued)
for the period ended 3 October 2021**

The Directors present their annual report on the affairs of Rare Bird Hotels at Streatley Limited ('the Company'), together with the audited financial statements for the period ended 3 October 2021.

The basis of preparation of the financial statements is set out in note 2 on page 11.

Results and dividends

The results of the Company for the period are set out on page 8.

The Directors do not recommend the payment of a dividend.

Directors of the Company

The Directors, who served throughout the period and up until the date of signing, were as follows:

A Bradshaw (appointed 23 July 2020, resigned 18 September 2020)
M Westenbrink (appointed 22 August 2020, resigned 9 February 2021)
Y Malkov (appointed 18 September 2020)
R E Rose (appointed 9 February 2021, resigned 4 April 2022)

Directors' liability insurance and indemnity

The Company has arranged insurance cover in respect of legal action against its Directors. To the extent permitted by UK law, the Company also indemnifies the Directors. These provisions were in force throughout the year and at the date of this report

Principal activity

The principal activity of the Company is the operation and management of the hotel.

Charitable and political donations

The Company makes occasional contributions to community related initiatives. The Company made no political donations in the period.

Going concern

The Company is part of the Various Eateries plc group of companies. Various Eateries plc has confirmed that it will provide financial support to the Company should this be required for 18 months from the date of approval of these financial statements. The directors note, however that the Various Eateries plc group of companies has borrowings, including a deep discounted bond with a nominal value of £9.5m which is redeemable in April 2023, and a deep discounted bond with a nominal value of £2.8m which is redeemable in January 2023. The ability of Various Eateries plc to provide the required financial support to the Company may be predicated on the ability of Various Eateries plc to renew/replace or roll over the deep discounted bonds prior to, or at, their respective redemption dates.

The directors have concluded that the above circumstances represent a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the Company will have adequate resources to continue operating for at least the next twelve months following the date of approval of these financial statements. Thus, they continue to adopt the going concern basis in preparing the financial statements.

Employees

Our people truly are our greatest asset and we believe in treating them as such: with respect, looking after their welfare and allowing them the opportunity to develop their job and life skills and progress through the organisation. We encourage a work environment that is fair, open and communicative. Our employees have a performance review at least once a year, which includes consideration of skills development and career prospects. We aim to retain, develop and promote our best staff, offering a variety of training courses and development opportunities. Informal, frank and open dialogue is encouraged at all levels of the Group. We aim to keep our employees informed of any changes and progress within the business on a regular basis in an engaging way. Communication flows both ways, as we take the views of our employees seriously. Our aim has been to make it as easy as possible for our employees to air their opinions, express their ideas and voice any problems they may have. Examples include a cascade process of meetings to communicate key messages throughout the organisation, a weekly feedback process for operational issues:

Rare Bird Hotels at Streatley Limited
Directors' report (continued)
for the period ended 3 October 2021

We have a diverse workforce and an equal opportunities policy in place. We aim to employ people who reflect the diverse nature of society and value people and their contribution irrespective of age, sex, disability, sexual orientation, race, colour, religion, marital status or ethnic origin. We do not tolerate harassment or bullying in any shape or form. Procedures are in place to respond to accusations of workplace discrimination, harassment and victimisation. An effective employee grievance procedure is in operation, and the policy is properly communicated to our people. Applications from disabled persons are given full consideration providing the disability does not seriously affect the performance of their duties. Such persons, once employed, are given appropriate training and equal opportunities.

Streamlined Energy and Carbon Reporting (SECR) / Energy Consumption

The Green House Gas emissions reporting requirements for the Company are included within the Strategic Report and consolidated financial statements of Various Eateries PLC. The Group accounts of Various Eateries PLC are available to the public and can be obtained as set out in note 24.

Auditor

Each of the persons who is a Director at the date of approval of this annual report confirms that:

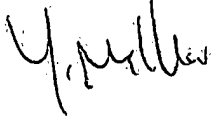
- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



Y Malkov
Director
20 St. Thomas Street
London
SE1 9RS

21 July 2022

Rare Bird Hotels at Streatley Limited

Directors' responsibilities statement

The Directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Rare Bird Hotels at Streatley Limited

Opinion

We have audited the financial statements of Rare Bird Hotels at Streatley Limited (the 'company') for the period ended 3 October 2021 which comprise the profit and loss account, balance sheet, statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 3 October 2021 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

Material uncertainty relating to going concern

We draw attention to note 2 to the financial statements concerning the company's ability to continue as a going concern. As at 3 October 2021, the company had net current liabilities of £1,508,000 including £617,000 owed to Various Eateries plc and fellow group companies. The company is therefore reliant on the ongoing support of Various Eateries plc, which itself has borrowings repayable within the next twelve months. These events or conditions, along with the other matters as set out in note 2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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.

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

Independent auditor's report to the members of Rare Bird Hotels at Streatley Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4 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.

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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;

Independent auditor's report to the members of Rare Bird Hotels at Streatley Limited

- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 101, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to food safety and licensing. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities if any.

The audit engagement team identified the risk of management override of controls, existence of revenue and impairment of goodwill and property, plant and equipment as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

William Farren

William Farren FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

21 July 2022

Rare Bird Hotels at Streatley Limited
Profit and Loss Account
For the period ended 3 October 2021

		Period ended 3 October 2021 £ 000
	Note	
Revenue	4	1,910
Cost of sales		<u>(1,661)</u>
Gross profit		249
Administrative expenses		<u>(974)</u>
Operating loss		(725)
Financing costs	6	<u>(311)</u>
Loss before tax		(1,036)
Tax	10	<u>-</u>
Loss for the period		<u>(1,036)</u>

The above results were derived from continuing operations.

There are no items of comprehensive income other than the loss for the period and therefore, no statement of comprehensive income is presented.

The notes on pages 12 to 28 form an integral part of these financial statements.

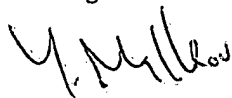
Rare Bird Hotels at Streatley Limited
Balance Sheet
As at 3 October 2021

		3 October 2021 £ 000
	Note	
Fixed assets		
Intangible assets	12	6,760
Tangible assets	13	<u>5,919</u>
		<u>12,679</u>
Current assets		
Stocks	14	6
Trade and other debtors	15	205
Cash and bank balances	16	<u>528</u>
		<u>739</u>
Total assets		<u>13,418</u>
Current liabilities		
Trade and other creditors	17	(1,596)
Loans and borrowings	18	<u>(651)</u>
Net current liabilities		<u>(1,508)</u>
Total assets less current liabilities		<u>11,171</u>
Non-current liabilities		
Loans and borrowings	19	<u>(5,255)</u>
Total non-current liabilities		<u>(5,255)</u>
Total liabilities		<u>(7,502)</u>
Net assets		<u><u>5,916</u></u>
Equity		
Share capital	20	1,000
Share premium		5,952
Retained losses		<u>(1,036)</u>
Total shareholder's funds		<u><u>5,916</u></u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime under the Companies Act 2006.

The financial statements of Rare Bird Hotels at Streatley Limited (registration number: 12764529) were approved by the Board and authorised for issue on 21 July 2022

They were signed on its behalf by:



Y Malkov
Director

The notes on pages 12 to 28 form an integral part of these financial statements.

Rare Bird Hotels at Streatley Limited
Statement of Changes in Equity
For the period ended 3 October 2021

	Called-up share capital £ 000	Share premium £ 000	Retained losses £ 000	Total £ 000
Issue of shares	<u>1,000</u>	<u>5,952</u>	<u>-</u>	<u>6,952</u>
Total transactions with owners	<u>1,000</u>	<u>5,952</u>	<u>-</u>	<u>6,952</u>
Loss for the period	<u>-</u>	<u>-</u>	<u>(1,036)</u>	<u>(1,036)</u>
Total comprehensive loss	<u>-</u>	<u>-</u>	<u>(1,036)</u>	<u>(1,036)</u>
At 3 October 2021	<u><u>1,000</u></u>	<u><u>5,952</u></u>	<u><u>(1,036)</u></u>	<u><u>5,916</u></u>

The notes on pages 12 to 28 form an integral part of these financial statements.

Rare Bird Hotels at Streatley Limited
Notes to the financial statements
For the period ended 3 October 2021

1 General information

Rare Bird Hotels at Streatley Limited ('the Company') is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' report on page 2.

2 Accounting policies

Basis of accounting

These financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure framework'. The financial statements have been prepared under the historical cost convention.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets, financial instruments, related party transactions and remuneration of key management personnel.

Going concern

The Company is part of the Various Eateries plc group of companies. Various Eateries plc has confirmed that it will provide financial support to the Company should this be required for 18 months from the date of approval of these financial statements. The directors note, however that the Various Eateries plc group of companies has borrowings, including a deep discounted bond with a nominal value of £9.5m which is redeemable in April 2023, and a deep discounted bond with a nominal value of £2.8m which is redeemable in January 2023. The ability of Various Eateries plc to provide the required financial support to the Company may be predicated on the ability of Various Eateries plc to renew/replace or roll over the deep discounted bonds prior to, or at, their respective redemption dates.

The directors have concluded that the above circumstances represent a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the Company will have adequate resources to continue operating for at least the next twelve months following the date of approval of these financial statements. Thus, they continue to adopt the going concern basis in preparing the financial statements.

Revenue

Revenue represents net invoiced hotel accommodation and room hire excluding value added tax. Revenue is recognised when the goods and services have been provided.

Rental income

Rental income from subletting right-of-use assets is recognised on a straight line basis over the term of the relevant lease. It is netted off against rental costs and is recognised within cost of sales.

Rare Bird Hotels at Streatley Limited
Notes to the financial statements (continued)
For the period ended 3 October 2021

2 Accounting policies (continued)

Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The goodwill is tested annually for impairment irrespective of whether there is an indication of impairment.

Intangible fixed assets (other than goodwill)

Intangible assets acquired separately from a business combination are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives of 4 years on a straight line basis.

Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses. Cost comprises purchase cost together with any incidental costs of acquisition.

Depreciation is provided to write down the cost less the estimated residual value of all tangible fixed assets by equal instalments over their estimated useful economic lives on a straight-line basis. The following rates are applied:

Asset class	Depreciation method and rate
Right of use assets	Life of lease
Leasehold improvements	Life of lease
Furniture, fittings and equipment	14.29% - 33.33% per annum
Assets under construction	Not depreciated
IT equipment	20% - 33.33% per annum

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Property, plant and equipment are tested for impairment if indications of impairment are present.

Assets under construction relates to capital expenditure on assets that have not yet been brought into use.

Stocks

Raw materials and consumables are valued at the lower of cost and net realisable value. Cost is based on latest contracted purchase cost.

Rare Bird Hotels at Streatley Limited
Notes to the financial statements (continued)
For the period ended 3 October 2021

2 Accounting policies (continued)

Financial instruments

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognised on trade date when the Company becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair value plus, in the case of a financial instrument not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Financial instruments are derecognised on the trade date when the Company is no longer a party to the contractual provisions of the instrument.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables. All financial instruments held are classified as loans and receivables.

Trade and other receivables and trade and other payables

Trade and other receivables are recognised initially at transaction price less attributable transaction costs. Trade and other payables are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any expected credit losses in the case of trade receivables. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest bearing borrowings

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances held at bank, call deposits, cash on hand and cash in transit.

Impairments of tangible and intangible fixed assets

At each reporting end date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Rare Bird Hotels at Streatley Limited
Notes to the financial statements (continued)
For the period ended 3 October 2021

2 Accounting policies (continued)

Tax

The tax expense represents the sum of the tax currently payable and deferred tax.

Tax payable is based on taxable profit. Taxable profit differs from net profit as reported in the statement of profit or loss 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. Any liability for current tax is calculated using tax rates that have been enacted at the balance sheet date.

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 consolidated profit and loss account, 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in the consolidated profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Employee benefits

Post-retirement benefits

The Company operates defined contribution plans for its employees. A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the periods during which services are rendered by employees.

Termination benefits

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Rare Bird Hotels at Streatley Limited
Notes to the financial statements (continued)
For the period ended 3 October 2021

2 Accounting policies (continued)

Leases

The Company leases the hotel from which it operates.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. This is 4.5%. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments, such as those linked to turnover, are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the Company if it is reasonably certain to exercise that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. Right-of-use assets are tested for impairment if indications of impairment are present.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

Lease modifications change the scope of the lease or change the consideration for the lease by comparison with that detailed in the original terms and conditions of the contract. If the modifications, in substance, mean that the original lease has been terminated and a new lease created, then the revised terms are accounted for as a new lease. Where modifications do not need to be accounted for as a separate lease, the amount recognised for the lease liability and the right-of-use asset is revisited to reflect the updated terms and conditions of the contract.

Rare Bird Hotels at Streatley Limited
Notes to the financial statements (continued)
For the period ended 3 October 2021

2 Accounting policies (continued)

Financing expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, and net foreign exchange losses that are recognised in the Statement of Profit or Loss.

Interest payable is recognised in the Statement of Profit or Loss as they accrue, using the effective interest method.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the Directors to make estimates and judgements that affect the reported amounts of assets, liabilities, costs and revenue. Actual results could differ from these estimates. Information about such judgements and estimates is contained in individual accounting policies. The judgements, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Key sources of estimation uncertainty that could cause an adjustment to be required to the carrying amount of assets or liabilities within the next accounting period are:

Key judgement - determining the rate used to discount lease payments

At the commencement date of property leases the lease liability is calculated by discounting the lease payments. The discount rate used should be the interest rate implicit in the lease. However, if that rate cannot be readily determined, which is generally the case for property leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions. The discount rate applied to the Company's leases under the portfolio approach is 4.5%. A 0.5% increase in the discount rate to 5% will result in a decrease in net present value of the total lease liability of £138,000 in 2021. A 0.5% decrease in discount rate to 4% results in increase in the net present value of the total lease liability of £143,000 in 2021.

Key estimate - Impairment of goodwill, other intangibles and tangible fixed assets

Determining whether goodwill, other intangibles and tangible fixed assets are impaired requires an estimation of the value in use of the cash-generating units ('CGUs') to which goodwill, other intangibles and tangible fixed assets have been allocated. The value in use calculation requires estimation of future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. Details of cash generating units as well as further information about the assumptions made are disclosed in notes 12 and 13.

Rare Bird Hotels at Streatley Limited
Notes to the financial statements (continued)
For the period ended 3 October 2021

4 Revenue

An analysis of the Company's total revenue which all originates in the United Kingdom is as follows:

	Period ended 3 October 2021 £ 000
Accommodation and room hire	<u>1,910</u>

5 Business Combinations

On 11 September 2020, the Company acquired the trade and certain assets of Rare Bird Hotels Limited. Rare Bird Hotels Limited is a related party of the Company (see note 23).

	£ 000
Fair value of consideration transferred	
Amount settled via equity issue from the Company	<u>6,952</u>
Recognised amounts of identifiable net assets	
Right-of-use assets (note 13)	6,310
Other property, plant and equipment (note 13)	322
Intangible assets (note 12)	<u>125</u>
Total non-current assets	<u>6,757</u>
Inventories	15
Trade and other receivables	859
Cash and bank balances	36
Trade and other payables	(1,072)
Lease liabilities	<u>(6,310)</u>
Identifiable net (liabilities) / assets	<u>285</u>
Goodwill on acquisition	<u><u>6,667</u></u>

The acquisitions were settled via issue of equity from the Company, being 1,000,000 ordinary shares (see also note 20).

Rare Bird Hotels at Streatley Limited
Notes to the financial statements (continued)
For the period ended 3 October 2021

6 Financing costs

	Period ended 3 October 2021 £ 000
Lease liability interest	<u>311</u>

7 Auditor's remuneration

	Period ended 3 October 2021 £ 000
Audit of the financial statements	<u>20</u>

8 Staff numbers and costs

	Period ended 3 October 2021 No.
The average monthly number of employees (including executive directors) was:	
Operational staff	<u>24</u>

	Period ended 3 October 2021 £ 000
Their aggregate remuneration comprised:	
Wages and salaries	545
Social security costs	42
Other pension costs (see note 21)	7
Other employee expense	1
Grant income - CJRS	<u>(155)</u>
	<u>440</u>

Rare Bird Hotels at Streatley Limited
Notes to the financial statements (continued)
For the period ended 3 October 2021

9 Directors' remuneration

The Company's directors are responsible for the day-to-day management of the Group of which the company is a part. The directors are employed by other companies within the Group and are not specifically remunerated for their services to the Company. Accordingly, Directors' remuneration is deemed to be £nil. Total Directors' remuneration is disclosed in the consolidated Group accounts of Various Eateries PLC. The Group accounts of Various Eateries PLC are available to the public and can be obtained as set out in note 24.

10 Tax on loss

	Period ended 3 October 2021 £ 000
Tax credited in the statement of profit or loss:	£ 000
Corporation tax	-
Total current income tax	-
Tax expense in the statement of profit or loss	-
	Period ended 3 October 2021 £ 000
Loss before tax	<u>(1,036)</u>
Corporation tax at standard rate 19% (2019: 19%)	(197)
Fixed asset differences	26
Expenses not deductible	5
Other tax adjustments, reliefs and transfers	(397)
Group relief surrendered / (claimed)	2
Remeasurement of deferred tax for changes in tax rate	(177)
Tax losses not recognised	<u>738</u>
Total tax charge / (credit)	<u>-</u>

No account has been taken of the potential deferred tax asset of £738,000 calculated at 19% and representing losses carried forward and short term timing differences, owing to the uncertainty over the utilisation of the losses available.

Rare Bird Hotels at Streatley Limited
Notes to the financial statements (continued)
For the period ended 3 October 2021

11 Loss for the period

Loss for the period has been arrived at after charging:

	Period ended 3 October 2021 £ 000
Staff costs (note 8)	440
Depreciation of property, plant and equipment (note 13)	<u>863</u>

12 Intangible assets

	Goodwill £ 000	Brand	Total
Cost or valuation			
Acquired through business combinations	<u>6,667</u>	<u>125</u>	<u>6,792</u>
At 3 October 2021	<u>6,667</u>	<u>125</u>	<u>6,792</u>
Amortisation			
Charge for the period	<u>-</u>	<u>32</u>	<u>32</u>
At 3 October 2021	<u>-</u>	<u>32</u>	<u>32</u>
Carrying amount			
At 3 October 2021	<u><u>6,667</u></u>	<u><u>93</u></u>	<u><u>6,760</u></u>

Brand relates to registered brand names and is amortised over an estimated useful economic life of 4 years. Amortisation is charged to administrative expenses in profit and loss account.

Goodwill is not amortised, but an impairment test is performed annually by comparing the carrying amount of the goodwill to its recoverable amount. The recoverable amount is represented by the greater of the individual CGU's fair value less costs of disposal and its value in use.

The key assumptions for the value-in-use calculations are those regarding the discount rate, trading forecasts and growth rates. A pre-tax discount rate of 12.0% was used, based on the Group's WACC and comparable businesses in the sector. Cash flows in line with five-year forecasts were used, which incorporate a reasonably foreseen, as at 3 October 2021, future impact of the Covid-19 pandemic and assumptions concerning the rate at which site-level cash flows will recover. Cash flows beyond the forecast period are extended out to the end of the lease terms at a 2% growth rate. The key assumption for the fair value calculations is the multiple applied to site EBITDA. A multiple of 5 times site EBITDA was used based on expected market value if the sites were to be sold as individual trading businesses.

Impairment testing identified no impairment to goodwill.

Rare Bird Hotels at Streatley Limited
Notes to the financial statements (continued)
For the period ended 3 October 2021

13 Tangible assets

	Right of use assets £ 000	Leasehold improve- ments £ 000	Furniture, fittings and equipment £ 000	IT equipment £ 000	Assets under constr- uction £ 000	Total £ 000
Cost or valuation						
Acquired through business combinations	6,310	-	316	6	-	6,632
Additions	-	106	27	6	11	150
At 3 October 2021	6,310	106	343	12	11	6,782
Depreciation						
Charge for the period	695	11	150	7	-	863
At 3 October 2021	695	11	150	7	-	863
Carrying amount						
At 3 October 2021	5,615	95	193	5	11	5,919

The Company's leasehold improvements are stated at cost, being the fair value at the date of acquisition, plus any additions at cost less any subsequent accumulated depreciation.

Depreciation on property, plant and equipment is charged to administrative expenses in the profit and loss account. Depreciation of right of use assets is charged to Cost of Sales in the profit and loss account.

Rental income from subletting right-of-use assets is recognised on a straight line basis over the term of the relevant lease. It is netted off against rental costs and is recognised within cost of sales (2021: £354,000).

The CGU is tested for impairment at the balance sheet date if there exists at that date any indicators of impairment. The ongoing Covid-19 pandemic is considered an indicator of potential impairment, accordingly the CGU has been tested for impairment by comparing the carrying amount of the assets to recoverable amount. The recoverable amount is represented by the greater of the individual CGU's fair value less costs of disposal and its value in use.

The key assumptions for the value in use calculations are those regarding the discount rate, trading forecasts and growth rates. A discount rate of 12.0% was used, based on the Group's WACC and comparable businesses in the sector. Cash flows in line with 5 year forecasts were used, which incorporate an impact of the Covid-19 pandemic and assumptions concerning the rate at which site level cash flows will recover. Cash flows beyond the forecast period are extended out to the end of the lease terms at a 2% growth rate. The key assumption for the fair value calculations is the multiple applied to site EBITDA. A multiple of 5 times site EBITDA was used based on expected market value if the sites were to be sold as individual trading businesses.

Impairment testing identified no impairment to tangible assets.

Rare Bird Hotels at Streatley Limited
Notes to the financial statements (continued)
For the period ended 3 October 2021

14 Stocks

3
October
2021
£ 000

Consumables

6

Inventories recognised as an expense in the period totalled £418,000.

15 Trade and other debtors

3
October
2021
£ 000

Trade receivables

45

Prepayments

40

Other receivables

120

205

All of the trade receivables were non-interest bearing, receivable under normal commercial terms, and the directors do not consider there to be any expected credit loss. The directors consider that the carrying value of trade and other receivables approximates to their fair value.

16 Cash at bank and in hand

3
October
2021
£ 000

Cash at bank

528

Rare Bird Hotels at Streatley Limited
Notes to the financial statements (continued)
For the period ended 3 October 2021

17 Current liabilities

	3 October 2021 £ 000
Accrued expenses	578
Amounts owed to parent undertaking	440
Amounts owed to other group companies	177
Social security and other taxes	66
Other payables	335
	<u>1,596</u>

The fair value of trade and other payables approximates to book value at each year end. Trade payables are non-interest bearing and are normally settled monthly.

The amounts owed to parent undertakings are interest free, unsecured and repayable on demand.

18 Current borrowings

	3 October 2021 £ 000
Lease liabilities due in less than 1 year	<u>651</u>

19 Non-current borrowings

	3 October 2021 £ 000
Lease liabilities due after more than 1 year	<u>5,255</u>

The borrowings classified as financial instruments are disclosed in note 22.

The Company's exposure to market and liquidity risk in respect of loans and borrowings is disclosed in the financial instruments note.

Rare Bird Hotels at Streatley Limited
Notes to the financial statements (continued)
For the period ended 3 October 2021

20 Called-up share capital

Authorised, allotted, called-up and fully paid shares

	3 October 2021	
	No.	£ 000
Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000</u>

Movements in ordinary share capital

	No.	£ 000
At incorporation	1	-
Issue of shares	<u>999,999</u>	<u>1,000</u>
Balance	<u>1,000,000</u>	<u>1,000</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have a par value of £1 and the Company does not have a limited amount of authorised capital.

Issue of shares

The shares issued on 11 September 2020 includes 999,999 shares issued as consideration for the purchase of the trade and certain assets of Rare Bird Hotels Limited.

21 Retirement benefit schemes

Group personal pension scheme

The Company operates group personal pension schemes for all qualifying employees. The assets of the schemes are held separately from those of the Company.

The total cost charged to income of £5,000 represents contributions payable to these schemes by the Company at rates specified in the rules of the schemes. As at 3 October 2021, there were no contributions due in respect of the current reporting period that had not been paid over to the schemes.

Rare Bird Hotels at Streatley Limited
Notes to the financial statements (continued)
For the period ended 3 October 2021

22 Financial instruments

Financial assets - loans and receivables

	3 October 2021 £ 000
Cash at bank and in hand	528
Trade and other receivables	165
	<u>693</u>

Valuation methods and assumptions

Trade debtors are all due for settlement in less than one year. The Directors consider that the carrying amount of trade and other debtors is approximately equal to their fair value due to their short term nature.

Financial liabilities at amortised cost

	3 October 2021 £ 000
Trade and other payables	<u>7,436</u>

Valuation methods and assumptions

The Directors consider that the carrying amount of trade and other payables is approximately equal to their fair value due to their short term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Financial risk management and impairment of financial assets

The Company's activities expose it to a variety of financial instrument risks. The risk management policies employed by the Company to manage these risks are discussed below. The primary objectives of the financial instrument risk management function are to establish risk limits, and then ensure that exposure to risks stay within these limits.

Rare Bird Hotels at Streatley Limited
Notes to the financial statements (continued)
For the period ended 3 October 2021

22 Financial instruments (continued)

Capital risk management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the balance sheet, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial period.

Credit risk management

The Company's credit risk is attributable to trade and other receivables and cash with the carrying amount best representing the maximum exposure to credit risk. The Company places its cash with banks with high quality credit standings. Trade and other debtors relate to day to day activities which are entered into with creditworthy counterparties.

Market risk management

The Company's activities expose it economic factors, the Directors closely monitor market conditions and consider any impact on the Company's existing strategy.

Liquidity risk management

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

Management review cash flow forecasts on a regular basis to determine whether the Company has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

Rare Bird Hotels at Streatley Limited
Notes to the financial statements (continued)
For the period ended 3 October 2021

23 Related party transactions

Trading transactions

During the period, the Company entered into the following trading transactions with related parties:

	Purchase of Goods / Services £ 000	Sale of Goods / Services £ 000
CCO Cygnet Limited	<u>748</u>	<u>-</u>
The following amounts were outstanding at the reporting date:		
	Amounts owed to related parties £ 000	Amounts owed by related parties £ 000
Rare Bird Hotels Limited	<u>-</u>	<u>119</u>

Sales and purchases of goods and services between the related parties were made at market prices discounted to reflect the relationships between the parties.

24 Controlling party

The Company is a wholly owned subsidiary of Various Eateries PLC, the immediate parent company, registered in England and Wales.

The ultimate controlling party is H E M Osmond.

Relationship between entity and parents

The parent of the largest and smallest group in which these financial statements are consolidated is Various Eateries PLC, incorporated in the United Kingdom.

The address of Various Eateries PLC is:

20 St. Thomas Street
London
SE1 9RS

25 Contingent liabilities

CJRS claim

The Company made material claims under the CJRS schemes during the period (and prior period) in order to support the business through the pandemic. Given multiple changes to the rules governing the schemes, as well as the degree of complexity in the various rules, the Company is undertaking a review of past claims to confirm their validity. The Directors are of the opinion that claims made to date are valid and materially correct and so do not consider the likelihood of material outflow as a result of this review to be probable.