

EURO HOSTELS LIMITED

**Filleted Annual Report and Unaudited Financial Statements
for the Year Ended 31 December 2022**

Euro Hostels Limited

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Euro Hostels Limited

Company Information

Director	E T Salvesen
Company secretary	Morton Fraser Secretaries Limited
Registered office	5th Floor Quartermile Two 2 Lister Square Edinburgh Midlothian EH3 9GL
Solicitors	Morton Fraser LLP 5th Floor Quartermile Two 2 Lister Square Edinburgh Midlothian EH3 9GL
Accountants	Azets Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS

Euro Hostels Limited

(Registration number: SC199079)

Statement of Financial Position as at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	<u>6</u>	5,698,976	5,852,092
Current assets			
Stocks	<u>7</u>	19,947	19,168
Debtors	<u>8</u>	94,547	78,387
Cash at bank and in hand		<u>522,909</u>	<u>340,682</u>
		637,403	438,237
Creditors: Amounts falling due within one year	<u>9</u>	<u>(2,402,653)</u>	<u>(2,444,627)</u>
Net current liabilities		<u>(1,765,250)</u>	<u>(2,006,390)</u>
Total assets less current liabilities		3,933,726	3,845,702
Creditors: Amounts falling due after more than one year	<u>9</u>	(124,960)	(130,640)
Provisions for liabilities		<u>(205,299)</u>	<u>(139,275)</u>
Net assets		<u>3,603,467</u>	<u>3,575,787</u>
Capital and reserves			
Called up share capital		10,396,420	10,396,420
Share premium reserve		81,237	81,237
Capital redemption reserve		1,325,157	1,325,157
Revaluation reserve		1,521,504	1,556,086
Profit and loss account		<u>(9,720,851)</u>	<u>(9,783,113)</u>
Total equity		<u>3,603,467</u>	<u>3,575,787</u>

For the financial year ending 31 December 2022 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Director's responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476; and
- The director acknowledges his responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The notes on pages 5 to 11 form an integral part of these financial statements.

Euro Hostels Limited

(Registration number: SC199079)

Statement of Financial Position as at 31 December 2022 (continued)

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime. As permitted by section 444 (5A) of the Companies Act 2006, the director has not delivered to the registrar a copy of the Income Statement.

Approved and authorised for issue by the director on 17 March 2023

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E T Salvesen
Director

The notes on pages 5 to 11 form an integral part of these financial statements.

Euro Hostels Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £	Share premium £	Capital redemption reserve £	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2021	10,396,420	81,237	1,325,157	1,590,668	(9,439,995)	3,953,487
Prior period adjustment	-	-	-	-	(32,866)	(32,866)
At 1 January 2021 (As restated)	10,396,420	81,237	1,325,157	1,590,668	(9,472,861)	3,920,621
Loss for the year	-	-	-	-	(344,834)	(344,834)
Total comprehensive income	-	-	-	-	(344,834)	(344,834)
Transfers	-	-	-	(34,582)	34,582	-
At 31 December 2021	10,396,420	81,237	1,325,157	1,556,086	(9,783,113)	3,575,787
At 1 January 2022	10,396,420	81,237	1,325,157	1,556,086	(9,783,113)	3,575,787
Profit for the year	-	-	-	-	27,680	27,680
Total comprehensive income	-	-	-	-	27,680	27,680
Transfers	-	-	-	(34,582)	34,582	-
At 31 December 2022	10,396,420	81,237	1,325,157	1,521,504	(9,720,851)	3,603,467

The notes on pages 5 to 11 form an integral part of these financial statements.

Euro Hostels Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022

1 General information

The company is a private company limited by share capital, incorporated in Scotland.

The address of its registered office is 5th Floor, Quartermile Two, 2 Lister Square, Edinburgh, Midlothian, EH3 9GL.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A smaller entities - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' and the Companies Act 2006 (as applicable to companies subject to the small companies' regime).

Basis of preparation

These financial statements have been prepared using the historical cost convention as modified by revaluation of freehold property.

These financial statements are prepared in sterling which is the functional currency of the entity.

Going concern

The company meets its day to day working capital requirements through cash generated from operations and intercompany borrowings.

The financial statements have been prepared on the going concern basis.

At the date of approval of the financial statements the director has prepared and approved up to date management accounts, budgets and cash flow projections which include key revenue and cost assumptions including working capital support from the Group that the director considers reasonable and prudent.

The company continues to rely on funding provided for operational working capital by its parent company. In this regard, the parent company has confirmed its intention to continue to support the company and that the repayment of loan will not be required within the following 12 months from the date of approval of these financial statements.

The director has considered company cash flow projections, prospective obligations and the matters above and are satisfied that there is sufficient funding available to the company to meet its working capital requirements for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Euro Hostels Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Revenue recognition

Turnover represents amounts derived from hostel accommodation, including bar and other ancillary income. All turnover is stated net of Value Added Tax and is generated from within the United Kingdom. Turnover is recognised on the date of occupancy.

Government grants

Government grants received relating to costs incurred by the company are recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. Government grants are presented separately and disclosed in other income in the fund account.

Other income includes UK Government assistance provided through various grants received from the local authority.

Tax

The tax expense for the period comprises deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost or revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold property	2%, 10% and 25% straight line
Leasehold property	2% straight line
Fixtures and fittings	15%, 25% and 33% straight line
Computer equipment	33% straight line

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Euro Hostels Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment. Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

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

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Euro Hostels Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Staff numbers

The average number of persons employed by the company (including the director) during the year, was 40 (2021 - 22).

4 Profit/loss before tax

Arrived at after charging/(crediting)

	2022	2021
	£	£
Depreciation expense	168,598	391,148

The company has received government assistance via the Coronavirus Job Retention Scheme of £nil (2021 - £16,662). This was claimed against the staff costs of the company as reported gross below.

5 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2022	2021
	£	£
Gain/loss from disposals of investments	-	(1)

During the prior year Premier Hostels Limited was dissolved. On this date the company disposed of it's investment.

Euro Hostels Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

6 Tangible assets

	Land and buildings £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation				
At 1 January 2022	8,118,155	903,328	141,937	9,163,420
Additions	-	9,251	3,559	12,810
Disposals	(38,751)	-	(28,436)	(67,187)
At 31 December 2022	8,079,404	912,579	117,060	9,109,043
Depreciation				
At 1 January 2022	2,317,385	855,158	138,785	3,311,328
Charge for the year	144,659	20,724	3,215	168,598
Eliminated on disposal	(41,423)	-	(28,436)	(69,859)
At 31 December 2022	2,420,621	875,882	113,564	3,410,067
Carrying amount				
At 31 December 2022	5,658,783	36,697	3,496	5,698,976
At 31 December 2021	5,800,770	48,170	3,152	5,852,092

Included within the net book value of land and buildings above is £5,658,783 (2021 - £5,800,770) in respect of freehold land and buildings.

Revaluation

The value of the company's Freehold property was revalued on 11 October 2018 by an independent valuer. Christie & Co were appointed by the directors to value the properties.

The valuations were carried out in accordance with the Royal Institution of Chartered Surveyors Valuation Guidance as set out within the 2017 Global Standards and with particular reference to the local Professional Standards - UK, also known as the "Red Book".

The director is satisfied that the downward revaluation recognised in 2018 was a result of temporary differences and should be reversed.

Had this class of asset been measured on a historical cost basis, the carrying amount would have been £4,137,279 (2021 - £4,244,683).

7 Stocks

	2022 £	2021 £
Finished goods and goods for resale	19,947	19,168

Euro Hostels Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

8 Debtors

	2022 £	2021 £
Trade debtors	3,094	26,370
Prepayments	53,108	34,508
Other debtors	38,345	17,509
	<u>94,547</u>	<u>78,387</u>

9 Creditors

Creditors: amounts falling due within one year

	Note	2022 £	2021 £
Due within one year			
Trade creditors		86,003	66,442
Amounts owed to group undertakings	<u>11</u>	2,063,972	2,193,526
Taxation and social security		116,950	47,832
Accruals and deferred income		135,325	136,617
Other creditors		403	210
		<u>2,402,653</u>	<u>2,444,627</u>

Creditors: amounts falling due after more than one year

	2022 £	2021 £
Due after one year		
Deferred income	<u>124,960</u>	<u>130,640</u>

10 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	10,103	2,964
Later than one year and not later than five years	<u>31,521</u>	<u>5,928</u>
	<u>41,624</u>	<u>8,892</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £2,964 (2021 - £4,805).

Euro Hostels Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

11 Related party transactions

Summary of transactions with entities with joint control or significant interest

The company undertook related party transactions with wholly owned members of ETS Capital Group Limited during the year and has taken the exemption from disclosure of these transactions available under paragraph 33.1A of FRS102.

12 Parent and ultimate parent undertaking

The company's immediate parent is Findrack (Hostels) Limited, incorporated in Scotland.

The ultimate parent is ETS Capital Limited, incorporated in England and Wales.

The most senior parent entity producing publicly available financial statements is ETS Capital Limited. These financial statements are available upon request from C/O Finstock Capital, Regus, 26-28 Hammersmith Grove, London, Greater London, United Kingdom, W6 7BA.

The ultimate controlling party is E T Salvesen.

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