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Financial statements for the year ended 31
December 2013

bbar Restaurant Limited

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COMPANY INFORMATION

Directors	J J Raggett V O'Hana
Secretary	S Royce
Company registration number	04434749
Registered office	35 Charles Street London W1J 5EB
Auditor	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD

STRATEGIC REPORT**YEAR ENDED 31 DECEMBER 2013**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2013.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

There has been an increase in revenue of 10% in the year (2012: decreased by 10.3%). The overall loss decreased by £14,746 primarily as a result of the increased revenue.

In summary the key performance indicator that we use to monitor business performance is EBITDA (Earnings before interest, taxation, depreciation and amortisation).

The company is currently in a net liability position with total liabilities exceeding total assets by £3,366,815 (2012: £3,137,347) and continues to be reliant on the support of its ultimate parent. The level of cash held in the business increased by £7,795 (2012: fell by £41,957) primarily due to the loss in the year.

We hope to improve on overall results in 2014.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £229,468 (2012: loss of £244,214). The directors do not recommend the payment of a dividend (2012: £nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The most significant risks and uncertainties relate to factors that are common to the restaurant 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.

Bbar mitigate the risk of an economic downturn utilising financial support from The Travel Corporation. This allows them to manage short and medium term fluctuations in demand

Signed by order of the directors


J J Raggett
Director

Date:  April 2014

DIRECTORS REPORT**YEAR ENDED 31 DECEMBER 2013**

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of restaurateurs.

FINANCIAL INSTRUMENTS

Details of the company's financial risk management objectives and policies are included in note 15 to the accounts.

CREDITOR PAYMENT POLICY

The company's current policy concerning the payment of trade creditors is:

- settle the terms of payment with supplies when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contract; and
- pay in accordance with the company's contractual and other legal obligations.

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 is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

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 directors


J J Raggett
Director

Date: 3rd April 2014

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2013**

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

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

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

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

bbar Restaurant Limited**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
bbar Restaurant Limited****YEAR ENDED 31 DECEMBER 2013**

We have audited the financial statements of bbar Restaurant Limited for the year ended 31 December 2013 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, as applied in accordance with the Companies Act 2006.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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Mazars LLP is the UK firm of Mazars, an integrated international advisory and accountancy organisation. Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at Tower Bridge House, St Katharine's Way, London E1W 1DD.

Registered by the Institute of Chartered Accountants in England and Wales to carry out audit work.



bbar Restaurant Limited

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
bbar Restaurant Limited (continued)**

YEAR ENDED 31 DECEMBER 2013

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.



Gareth Jones (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

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

Date: 30 April 2014

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 £	2012 £
Revenue	2	928,971	844,278
Cost of sales		(1,045,532)	(991,505)
Gross loss		(116,561)	(147,227)
Administrative expenses		(212,496)	(208,738)
Loss from operations	3	(329,057)	(355,965)
Finance income	5	2	24
Finance costs	6	(16,709)	(14,478)
Net financing expense		(16,707)	(14,454)
Loss before tax		(345,764)	(370,419)
Taxation credit	7	116,296	126,205
Loss for the year		(229,468)	(244,214)
Total comprehensive income for the year		(229,468)	(244,214)

All results relate to continuing operations.

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2013

	Note	2013 £	2012 £
Non-current assets			
Property, plant and equipment	8	-	-
Current assets			
Inventories	9	25,291	19,701
Trade and other receivables	10	42,379	18,831
Cash and cash equivalents	11	9,459	1,664
		77,129	40,196
Total assets		77,129	40,196
Non-current liabilities			
Amounts due to related parties	12	663,331	642,295
Current liabilities			
Amounts due to related parties	13	2,750,000	2,500,000
Other payables	14	30,613	35,248
		2,780,613	2,535,248
Total liabilities		3,443,944	3,177,543
Equity			
Share capital	18	1	1
Retained deficit		(3,366,816)	(3,137,348)
Total equity		(3,366,815)	(3,137,347)
Total liabilities and equity		77,129	40,196

These financial statements were approved by the directors and authorised for issue on 3rd April 2014 and are signed on their behalf by:


J J Raggett
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

	Share capital £	Retained deficit £	Total £
At 1 January 2012	1	(2,893,134)	(2,893,133)
Total comprehensive income for the year	-	(244,214)	(244,214)
At 1 January 2013	1	(3,137,348)	(3,137,347)
Total comprehensive income for the year	-	(229,468)	(229,468)
At 31 December 2013	1	(3,366,816)	(3,366,815)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

		2013 £	2012 £
Cash flows from operating activities	Note		
Loss after taxation		(229,468)	(244,214)
<i>Adjustments for:</i>			
Depreciation	8	21,942	20,096
Impairment	8	9,200	-
Finance income	5	(2)	(24)
Finance costs	6	16,709	14,478
Taxation	7	(116,296)	(126,205)
Loss from operations before changes in working capital		(297,915)	(335,869)
(Increase)/ decrease in inventories		(5,590)	4,631
(Increase)/ decrease in trade and other receivables		(23,548)	1,112
(Decrease)/increase in other payables		(4,635)	12,181
Cash used in operations		(331,688)	(317,945)
Interest paid		(16,709)	(14,478)
Tax received		116,296	126,205
Net cash used in operating activities		(232,101)	(206,218)
Cash flows used in investing activities			
Interest received		2	24
Purchase of property, plant and equipment	8	(31,142)	(20,096)
Net cash used in investing activities		(31,140)	(20,072)
Cash flows from financing activities			
Increase in amounts due to related parties		271,036	184,333
Net cash from financing activities		271,036	184,333
Net increase/(decrease) in cash and cash equivalents		7,795	(41,957)
Cash and cash equivalents at 1 January		1,664	43,621
Cash and cash equivalents at 31 December	11	9,459	1,664

NOTES TO THE FINANCIAL STATEMENTS**YEAR ENDED 31 DECEMBER 2013**

1. ACCOUNTING POLICIES**General information**

Bbar Restaurant Limited is a company incorporated and domiciled in the United Kingdom.

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

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. 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.

Revenue recognition

Revenue is recognised from the sale of goods and services from the company's ordinary activities.

Revenue for the sale of services is recognised when the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will be received by the company and the stage of completion at the statement of financial position date can be measured reliably.

Revenue from the sale of goods is recognised when the risks and rewards of ownership have been transferred to the buyer. Revenue is stated after trade discounts and other sales taxes, and is net of VAT.

Property, plant and equipment

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

Depreciation

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

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

Inventories

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

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

NOTES TO THE FINANCIAL STATEMENTS**YEAR ENDED 31 DECEMBER 2013**

1. ACCOUNTING POLICIES (continued)**Impairment of fixed assets**

Fixed assets are impaired when directors believe that the carrying amount of an asset exceeds the recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income.

Taxation

The tax credit represents the sum of the tax currently receivable and deferred tax.

The tax currently receivable is based on the taxable loss for the year. Taxable loss differs from net loss as reported in the statement of comprehensive income 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 asset for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position 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 statement of financial position 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.

The carrying amount of deferred tax assets is reviewed at each statement of financial position 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 assets 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. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

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.

Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. 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.

NOTES TO THE FINANCIAL STATEMENTS**YEAR ENDED 31 DECEMBER 2013**

1. ACCOUNTING POLICIES (continued)**Financial instruments (continued)*****Financial assets (continued)***

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.

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.

Going concern

The company's financial statements are prepared in accordance with IFRS applicable to the going concern assumption, which contemplates the realisation of assets and liquidation of liabilities in the normal course of business. However, as shown in the accompanying financial statements, the company's total liabilities exceed its total assets by £3,366,815 at 31 December 2013. This factor creates an uncertainty about the company's ability to continue as a going concern. 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. The directors conclude that with this ongoing financial support, the company is a going concern. Accordingly, the financial statements do not include any adjustments that

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

might be necessary if the company is unable to continue as a going concern.

1. ACCOUNTING POLICIES (continued)**New standards, interpretations and amendments effective from 1 January 2013**

None of the new standards, interpretations and amendments effective for the first time from 1 January 2013, as stated below, have had a material effect on the financial statements.

IFRS 13 Fair value measurement – *Effective for annual periods beginning on or after 1 January 2013*

New standards and interpretations not yet applied (potentially relevant to the company)

IAS 32 Financial Instruments – Amended guidance on the off-setting of financial assets and financial liabilities – *Effective for annual periods beginning on or after 1 January 2014*

IFRS 9 Financial instruments – Classification and measurement – *Effective for annual periods beginning on or after 1 January 2015*

The company is yet to assess the full impact of IFRS 9 as the IASB have yet to finalise the standard in its entirety. Furthermore, subject to the standard being finalised, the European Union have postponed their endorsement process and therefore the company are unlikely to carry out an impact assessment until the final publication of IFRS 9. The company does not anticipate adopting the new standard prior to the mandatory effective date.

Critical accounting judgements and sources of estimate uncertainty

The company's significant accounting policies are outlined in note 1 to the company financial statements. None of these significant accounting policies require the directors to make difficult, subjective or complex judgements or estimates.

2. REVENUE

The revenue and loss before tax are attributable to the one principal activity of the company. An analysis of revenue is given below:

	2013 £	2012 £
United Kingdom	928,971	844,278

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

3. LOSS FROM OPERATIONS

Included in the loss for the year are the following:	2013 £	2012 £
Depreciation of property, plant and equipment	21,942	20,096
Impairment of property, plant and equipment	9,200	-
Auditors' remuneration - as auditors	5,717	5,717
- taxation services	850	850
- other services	325	325
Operating lease costs:		
Land and buildings	100,000	100,000
	<u> </u>	<u> </u>

4. STAFF NUMBERS AND COSTS

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

	2013 Number	2012 Number
Other staff – service	20	20
	<u> </u>	<u> </u>

The aggregate payroll costs of the above were:	2013 £	2012 £
Wages and salaries	401,272	386,273
Social security costs	38,375	30,622
	<u> </u>	<u> </u>
	439,647	416,895
	<u> </u>	<u> </u>

No salaries or wages have been paid to the directors in the current or prior year.

5. FINANCE INCOME	2013 £	2012 £
Bank interest receivable	2	24
	<u> </u>	<u> </u>
6. FINANCE INCOME	2013 £	2012 £
Interest on loans from related parties (note 17)	16,709	14,478
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

7. TAXATION

(a) Analysis of credit in the year	2013	2012
	£	£
Current tax:		
Adjustment in respect of prior years	(116,296)	(126,205)
Total tax credit	<u>(116,296)</u>	<u>(126,205)</u>

(b) Factors affecting current tax credit

The tax assessed on the loss for the year varies from the effective rate of corporation tax in the UK of 23.25% (2012: 24.5%).

	2013	2012
	£	£
Loss before taxation	<u>(345,764)</u>	<u>(370,419)</u>
Loss at effective rate of 23.25% (2012: 24.5%)	(80,379)	(90,753)
Expenses not deductible for tax purposes	10	189
Depreciation in excess of capital allowances claimed	8,279	4,923
Unrelieved tax losses arising in the period	72,090	85,641
Adjustment in respect of prior years	<u>(116,296)</u>	<u>(126,205)</u>
Total current tax (note 7(a))	<u>(116,296)</u>	<u>(126,205)</u>

(c) Factors that may affect future tax charges

No provision has been made for the deferred tax asset of £283,962 calculated at 23% (2012: £313,621 calculated at 23%) arising from depreciation of equipment, fixtures and fittings in excess of taxation allowances available and available losses.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

8. PROPERTY, PLANT AND EQUIPMENT	Fixtures & fittings £	Equipment £	Total £
Cost			
At 1 January 2012	1,447,888	21,856	1,469,744
Additions	20,096	-	20,096
At 1 January 2013	1,467,984	21,856	1,489,840
Additions	31,142	-	31,142
At 31 December 2013	1,499,126	21,856	1,520,982
Depreciation and impairment			
At 1 January 2012	1,447,888	21,856	1,469,744
Impairment	20,096	-	20,096
At 1 January 2013	1,467,984	21,856	1,489,840
Charge for the year	21,942	-	21,942
Impairment	9,200	-	9,200
At 31 December 2013	1,499,126	21,856	1,520,982
Net book value			
At 1 January 2012, 31 December 2012 and 31 December 2013	-	-	-
Impairment provision included in depreciation and impairment			
At 1 January 2013	868,417	18,732	887,149
Charge for the year	9,200	-	9,200
At 31 December 2013	877,617	18,732	896,349
9. INVENTORIES		2013	2012
		£	£
Goods for resale		25,291	19,701

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

10. TRADE AND OTHER RECEIVABLES	2013	2012
	£	£
Tax receivables	22,571	-
Prepayments and accrued income	19,808	18,831
	<u>42,379</u>	<u>18,831</u>
	<u><u>42,379</u></u>	<u><u>18,831</u></u>
 11. CASH AND CASH EQUIVALENTS	 2013	 2012
	£	£
Cash and cash equivalents	9,459	1,664
	<u>9,459</u>	<u>1,664</u>
	<u><u>9,459</u></u>	<u><u>1,664</u></u>
Cash at bank and in hand bears interest at an effective rate of 0.00% (2012: 0.00%). Call accounts bear interest at an effective rate of 0.03 % (2012: 0.03%) and are available on demand.		
 12. AMOUNTS DUE TO RELATED PARTIES	 2013	 2012
	£	£
Due in greater than one year		
The Travel Corporation Limited (note 17)	386,550	369,841
Other related parties (note 17)	276,781	272,454
	<u>663,331</u>	<u>642,295</u>
	<u><u>663,331</u></u>	<u><u>642,295</u></u>
 13. AMOUNTS DUE TO RELATED PARTIES	 2013	 2012
	£	£
Due in less than one year		
Amounts owed to related parties (note 17)	2,750,000	2,500,000
	<u>2,750,000</u>	<u>2,500,000</u>
	<u><u>2,750,000</u></u>	<u><u>2,500,000</u></u>
 14. OTHER PAYABLES	 2013	 2012
	£	£
Social security and other taxes	11,123	8,551
Other payables	2,194	2,888
Accruals	17,296	23,809
	<u>30,613</u>	<u>35,248</u>
	<u><u>30,613</u></u>	<u><u>35,248</u></u>

NOTES TO THE FINANCIAL STATEMENTS**YEAR ENDED 31 DECEMBER 2013**

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company holds or issues financial instruments in order to achieve three main objectives, as follows:

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

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

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

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. The loan with The Travel Corporation Limited was due for repayment on 1 January 2012. This loan was re-financed on the same date at the same rate of interest. It is not due for repayment until 2027.

Liquidity risk

The company at all times maintains adequate committed credit facilities in order to meet all its commitments as and when they fall due. Long term borrowing, where it exists, is funded from within the Travel Corporation group. The Travel Corporation Limited has guaranteed to provide any future funding requirements of the company to enable it to meet its liabilities as they fall due. Unless disclosed, related party loans do not bear interest and the directors are of the opinion that the carrying value is not materially different from the fair value. From 1 January 2013, all related party balances have started accruing interest at 2% above base rate.

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.

Fair value

The directors are of the opinion that the carrying value of financial instruments approximates fair value. The fair values of loans from related parties have been determined by discounting cash flow projections at rates of interest having regard to the specific risks attached to them.

Impairment losses are estimated at year end by reviewing amounts outstanding and assessing the likelihood of recoverability. Group debts are all guaranteed by The Travel Corporation Limited, and therefore are considered to be fully recoverable; no impairment provision is deemed necessary.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

16. COMMITMENTS UNDER OPERATING LEASES

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.

The company has entered into operating leases in respect of properties and equipment. The total of future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings	
	2013	2012
	£	£
Expiry date:		
Not later than one year	100,000	100,000
Within two to five years	300,000	400,000
	<u>400,000</u>	<u>500,000</u>

The main lease commitments are for the property used in the principal activities of the company. The lease is agreed at a fixed rate until 31 December 2017.

17. RELATED PARTY TRANSACTIONS

During the year the company received services from related parties as follows:

		2013	2012
		£	£
Red Carnation Hotels (U.K.) Limited	Management charges and recharges	149,222	140,436
Rubens Travcorp Limited	Rent	100,000	100,000
The Travel Corporation Limited	Loan interest	16,709	14,478
		<u>265,931</u>	<u>254,914</u>

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

	2013	2012
	£	£
Ultimate parent company	386,550	369,841
Other related parties (see below)	276,811	272,454
	<u>663,361</u>	<u>642,295</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

17. RELATED PARTY TRANSACTIONS (continued)

The company had balances outstanding on interest free loans from the following related parties:

	2013	2012
	£	£
Red Carnation Hotels (U.K.) Limited	275,656	271,329
Trafalgar Management Services Limited	1,125	1,125
	<u>276,781</u>	<u>272,454</u>

Amounts owed to related parties which are unsecured and repayable on demand:

	2013	2012
	£	£
Red Carnation Hotels (U.K.) Limited	2,350,000	2,100,000
Rubens Travcorp Limited	400,000	400,000
	<u>2,750,000</u>	<u>2,500,000</u>

Details of the company's immediate parent and of the ultimate controlling party are included at note 19.

18. SHARE CAPITAL

	2013		2012	
	Number	£	Number	£
Allotted, called up and fully paid				
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Equity shares				
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

19. CONTROLLING PARTY AND PARENT COMPANIES

The company's ultimate parent undertaking is The Travel Corporation Limited, a company incorporated in the British Virgin Islands. The Travel Corporation Limited is considered to be the company's controlling party.

The largest group in which the results of the company are consolidated is that headed by The Travel Corporation Limited. The financial statements of this company are not available to the public. The smallest group in which they are consolidated is that headed by Chesterfield (Mayfair) Limited, its immediate parent company, a company registered in England and Wales.

Copies of the consolidated financial statements of Chesterfield (Mayfair) Limited are available to the public from the Registrar of Companies.