

Company Registration No. 04434749

**Annual Report for the year ended 31
December 2023**

bbar Restaurant Limited

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COMPANY INFORMATION

Directors	J J Raggett S Royce
Company Secretary	S Royce
Company registration number	04434749
Registered office	14 Grosvenor Place London SW1X 7HH
Auditor	Forvis Mazars LLP Chartered Accountants & Statutory Auditor 30 Old Bailey London EC4M 7AU

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STRATEGIC REPORT**YEAR ENDED 31 DECEMBER 2023**

The Directors present their Strategic Report for the Company for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was that of restaurateurs, operating a restaurant within a 5 star hotel in London.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

There has been an increase in revenue of 1.8% (2022: increased by 60.1%) from £1,104,263 to £1,123,777, the increase in revenue in the year is due to the increased trade in 2023 compared to 2022. The EBITDA decreased by 54.1% to a loss of £309,755 (2022: loss of £201,074).

During the year, the Company has seen an increase in costs incurred, however management have been working hard to manage and control expenses, which have increased due to inflation and the increased cost of living in the UK. The main drivers of the cost increases are food and labour costs.

The Company is currently in a net liability position with total liabilities exceeding total assets by £7,211,635 (2022: £6,681,778) and continues to be reliant on the support of its ultimate parent company.

The Company has seen improvements in its results in 2023 compared to 2022. The overall results of the year are due to improved market conditions. The Company is expecting the continued trading improvements in the market to continue in 2024 as the market has fully recovered and has seen an uplift to date. There are expectations for increased growth in the future years and for increased profitability through new opportunities and business streams along with the constant managing of costs within the business.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £529,857 (2022: £284,923). The Directors do not recommend the payment of a dividend (2022: £nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors acknowledge that they have responsibility for the Company's systems of internal control and risk management and for monitoring their effectiveness. The purposes of these systems are to manage, rather than eliminate, the risk of failure to achieve business objectives, to provide reasonable assurance as to the quality of management information and to maintain proper control over the income, expenditure, assets and liabilities of the Company.

No system of control can, however, provide absolute assurance against material misstatement or loss. Accordingly, the Directors have regard to what controls, in their judgement, are appropriate to the Company's business and to the relative costs and benefits of implementing specific controls.

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

STRATEGIC REPORT (continued)

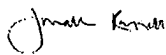
YEAR ENDED 31 DECEMBER 2023

ECONOMIC IMPACT OF GLOBAL EVENTS

The Directors have carried out an assessment of the potential impact of these uncertainties on the business, including the impact of mitigation measures, and have concluded that these are non-adjusting events with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The Directors have taken account of these potential impacts in their going concern assessment.

Bbar Restaurant Limited continues to work with its partners to minimise any impacts of these events and maximise the realisation of any opportunities they may provide to the business.

Signed on behalf of the board of Directors



J J Raggett

Director

Date: Jul 31, 2024

DIRECTOR'S REPORT**YEAR ENDED 31 DECEMBER 2023**

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2023.

MATTERS COVERED IN THE STRATEGIC REPORT

The Directors have addressed specific disclosures required within the Directors' Report within the Strategic Report on pages 1 and 2 and therefore have been omitted from the Directors' Report to avoid duplication. These matters relate to future developments.

FINANCIAL INSTRUMENTS

Details of the Company's financial risk management objectives and policies are included in note 17 to the accounts.

DIRECTORS

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

J J Raggett

V O'Hana (resigned 08/12/2023)

S Royce (appointed 08/12/2023)

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

GOING CONCERN

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. The Directors have considered the economic impact in global events in making their going concern assessment based on the current situation and the impact on the Company and consider the going concern.

As shown in the accompanying financial statements, the Company's total liabilities exceed its total assets by £7,211,635 at 31 December 2023. The Company's ultimate parent has represented that it will continue to provide ongoing financial support to enable the Company to meet its financial obligations and that the Company will not be required to pay obligations owed to any Group entities while its liabilities exceed its assets. The ability of the Company to continue as a going concern is dependent on this ongoing financial support and based on this it continues to adopt the going concern basis of accounting in preparing the financial statements.

POLITICAL DONATIONS

The Company made no political donations during the financial year (2022: £nil).

DISABLED EMPLOYEES

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

DIRECTOR'S REPORT

YEAR ENDED 31 DECEMBER 2023

EMPLOYEE INVOLVEMENT

Within the bounds of commercial confidentiality, staff at all levels are kept fully informed of matters that affect the progress of the Company and are of interest to them as employees.

ENERGY AND CARBON REPORTING

Exemptions in the SECR Regulations permit the exclusion of subsidiaries which would not be required to report the information in their relevant individual reports.

EVENTS AFTER THE REPORTING DATE

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

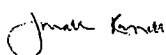
DISCLOSURE OF INFORMATION TO THE AUDITOR

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 themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

It is proposed that Forvis Mazars LLP will continue in office in accordance with the Companies Act 2006 Section 487(2).

Signed by order of the board of Directors



J J Raggett
Director

Date: Jul 31, 2024

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2023**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards and applicable law. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
OF BBAR RESTAURANT LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2023**

Opinion

We have audited the financial statements of bbar Restaurant Limited (the 'Company') for the year ended 31 December 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its loss for the year then ended; and
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
OF BBAR RESTAURANT LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2023**

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
OF BBAR RESTAURANT LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2023**

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
OF BBAR RESTAURANT LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2023**

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

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

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

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

Use of the audit report

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



Gerhard Bonthuys (Aug 2, 2024 16:34 GMT+1)

Gerhard Bonthuys (Senior Statutory Auditor)
for and on behalf of Forvis Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London
EC4M 7AU
Date: Aug 2, 2024

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	2023 £	2022 £
Revenue	2	1,123,777	1,104,263
Cost of sales		(1,087,555)	(928,390)
Gross Profit		36,222	175,873
Administrative expenses		(479,128)	(477,687)
Loss from operations	3	(442,906)	(301,814)
Finance costs	5	(81,869)	(65,084)
Loss before tax		(524,775)	(366,898)
Taxation (charge) / credit	6	(5,082)	81,975
Loss for the year		(529,857)	(284,923)
Other comprehensive income		-	-
Total comprehensive loss for the year		(529,857)	(284,923)

The notes on pages 14 to 27 form part of these financial statements.

All results relate to continuing operations.

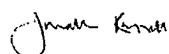
STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2023

	Note	2023 £	2022 £
Non-current assets			
Property, plant and equipment	7	-	-
Right of use assets	8	541,248	631,456
		<u>541,248</u>	<u>631,456</u>
Current assets			
Inventories	9	23,661	22,530
Trade and other receivables	10	21,097	17,797
Cash and cash equivalents	11	27,391	28,031
Amounts due from related parties	12	76,893	81,975
		<u>149,042</u>	<u>150,333</u>
Total assets		<u>690,290</u>	<u>781,789</u>
Non-current liabilities			
Amounts due to related parties	13	740,612	670,012
Obligations under leases	16	473,349	563,633
		<u>1,213,961</u>	<u>1,233,645</u>
Current liabilities			
Amounts due to related parties	14	6,513,929	6,092,971
Other payables	15	83,751	48,219
Obligations under leases	16	90,284	88,732
		<u>6,687,964</u>	<u>6,229,922</u>
Total liabilities		<u>7,901,925</u>	<u>7,463,567</u>
Equity			
Share capital	19	1	1
Retained earnings		<u>(7,211,636)</u>	<u>(6,681,779)</u>
Total equity		<u>(7,211,635)</u>	<u>(6,681,778)</u>
Total liabilities and equity		<u>690,290</u>	<u>781,789</u>

The notes on pages 14 to 27 form part of these financial statements.

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



J J Raggett
Director

Date: Jul 31, 2024

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

		Share capital £	Retained earnings £	Total £
At 1 January 2022		1	(6,396,856)	(6,396,855)
Total comprehensive loss for the year		-	(284,923)	(284,923)
At 1 January 2023		1	(6,681,779)	(6,681,778)
Total comprehensive loss for the year		-	(529,857)	(529,857)
At 31 December 2023	19			

The notes on pages 14 to 27 form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Loss after taxation		(529,857)	(284,923)
<i>Adjustments for:</i>			
Impairment of property, plant and equipment	7	42,943	10,532
Depreciation on right-of-use-asset	8	90,208	90,208
Finance costs	5	81,869	65,084
Taxation	6	5,082	(81,975)
Cash flows used in operations before changes in working capital		(309,755)	(201,074)
Increase in inventories	9	(1,131)	(1,417)
Increase in trade and other receivables	10	(3,300)	(13,695)
Increase / (decrease) in other payables	15	35,532	(20,905)
Cash used in operations		(278,654)	(237,091)
Interest paid	5	(70,600)	(52,289)
Tax (paid) / received	6	(5,082)	81,975
Net cash used in operating activities		(354,336)	(207,405)
Cash flows used in investing activities			
Purchase of property, plant and equipment	7	(42,943)	(10,532)
Net cash used in investing activities		(42,943)	(10,532)
Cash flows from financing activities			
Increase in amounts due to related parties	13,14	491,558	316,334
Decrease in amounts due from related parties	12	5,082	20,780
Interest on lease liability	5	(11,269)	(12,795)
Decrease in lease liabilities	16	(88,732)	(87,205)
Net cash generated from financing activities		396,639	237,114
Net (decrease)/increase in cash and cash equivalents		(640)	19,177
Cash and cash equivalents at 1 January		28,031	8,854
Cash and cash equivalents at 31 December	11	27,391	28,031

The notes on pages 14 to 27 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS**YEAR ENDED 31 DECEMBER 2023**

1. ACCOUNTING POLICIES**General information**

bbar Restaurant Limited is a private company limited by shares and incorporated and domiciled in England and Wales. The address of the registered office in the United Kingdom is stated on the Company information page and the nature of the Company's operations and principal activities are stated in the Directors' Report.

Basis of preparation

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

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

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future.

The directors have considered the ongoing impact of global events in making their going concern assessment based on the current situation and the impact on the Company and consider the going concern assessment to be appropriate.

As shown in the accompanying financial statements, the Company's total liabilities exceed its total assets by £7,211,635 at 31 December 2023. The Company's ultimate parent has represented that it will continue to provide ongoing financial support to enable the Company to meet its financial obligations and that the Company will not be required to pay obligations owed to any group entities while its liabilities exceed its assets. The ability of the Company to continue as a going concern is dependent on this ongoing financial support and based on this they continue to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Revenue recognition

Revenue is recognised from the sale of goods and services from the Company's ordinary activities. Revenue is recognised from the sale of goods and services when the amount can be measured reliably, the service has been provided or the goods are sold and 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. Costs are recognised on date of purchase and are capitalised if the value of the item is greater than £500. Items that cost less than £500 are capitalised if part of a major project or refurbishment.

NOTES TO THE FINANCIAL STATEMENTS**YEAR ENDED 31 DECEMBER 2023**

1. ACCOUNTING POLICIES (continued)

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

The Right-of-use assets are depreciated over the shorter of the lease term and the assets useful life. In this instance, the lease term of 6 years is shorter.

Impairment of fixed assets

Impairment testing is carried out for all items of property, plant and equipment at the statement of financial position date if there are indicators of impairment.

For the purposes of impairment testing, the carrying amounts of assets are reviewed and an impairment loss is recognised where the carrying amounts exceed the assets' recoverable amounts. Any impairment loss arising is recognised immediately in the statement of comprehensive income.

Inventories

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

Pension costs

The Company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The annual contributions payable are charged to the statement of comprehensive income on an accruals basis, as services are delivered.

Current tax

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

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

NOTES TO THE FINANCIAL STATEMENTS**YEAR ENDED 31 DECEMBER 2023**

1. ACCOUNTING POLICIES (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Financial instruments

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

Financial assets

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

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

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

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

Financial liabilities

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS**YEAR ENDED 31 DECEMBER 2023**

1. ACCOUNTING POLICIES (continued)***Leases***

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined the lessee uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability are the fixed lease payments less any incentives receivable.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before commencement date, less any lease incentives and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

Standards, amendments and interpretations adopted in the current financial year ended 31 December 2023

There are no new or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2023 that have had a material impact on the Company's financial statements.

Standards, amendments and interpretations in issue but not yet effective

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

Critical judgements in applying the Company's key accounting policies***Assessing indicators of impairment***

In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability.

Key sources of estimation uncertainty***Lease Liabilities***

The interest rate used to calculate the finance charge on a right-of-use asset is the same as the interest rate used by the parent company on loans to the Company at the date of the start of the lease. This being the cost of money to the Company if it were to borrow funds to satisfy the lease obligation. There have been no amendments to the lease, which have resulted in this interest rate being reassessed and adjusted in line with IFRS 16.

NOTES TO THE FINANCIAL STATEMENTS**YEAR ENDED 31 DECEMBER 2023****2. REVENUE**

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

	2023	2022
	£	£
United Kingdom	1,123,777	1,104,263
	<u> </u>	<u> </u>

3. LOSS FROM OPERATIONS

Operating loss for the year is stated after charging:

	2023	2022
	£	£
Impairment of property, plant and equipment	29,852	33,984
Depreciation on right -of-use-assets	90,208	90,208
Auditors' remuneration - as auditors	9,000	8,000
- taxation services	2,100	2,000
- other services	500	500
	<u> </u>	<u> </u>

4. STAFF NUMBERS AND COSTS

The average contracts of service (2022: average number of staff) employed by the Company during the financial year amounted to:

	2023	2022
	Number	Number
Administration staff	3	3
Other staff – services	12	13
	<u> </u>	<u> </u>
	15	16
	<u> </u>	<u> </u>

The aggregate payroll costs of the above were:

	2023	2022
	£	£
Wages and salaries	464,334	451,079
Social security costs	41,533	42,840
Pension costs	8,999	8,834
	<u> </u>	<u> </u>
	514,866	502,753
	<u> </u>	<u> </u>

No salaries or wages have been paid to the Directors in the current or prior year and no contributions were made to a pension on behalf of a Director (2022: £nil).

The Directors of the Company are also the key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

5. FINANCE COSTS	2023	2022
	£	£
Interest payable on loans from related parties (note 18)	70,600	52,289
Interest expense on lease liabilities (note 8)	11,269	12,795
	<u>81,869</u>	<u>65,084</u>
6. TAXATION		
(a) Analysis of charge / (credit) in the year	2022	2022
	£	£
Current tax:		
Group relief receivable	-	(81,975)
Adjustments in respect of prior periods	5,082	-
	<u>5,082</u>	<u>(81,975)</u>
Total tax charge / (credit)	<u>5,082</u>	<u>(81,975)</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 23.52% (2022: 19%).		
	2023	2022
	£	£
Loss before taxation	<u>(524,775)</u>	<u>(366,898)</u>
Loss at effective rate of 23.52% (2022: 19%)	(123,430)	(69,711)
Fixed asset differences	4,337	(368)
Expenses not deductible for tax purposes	-	99
Income not taxable for tax purposes	-	(4,750)
Group relief surrendered/(claimed)	-	81,975
Payment/(receipt) for group relief	-	(81,975)
Remeasurement of deferred tax for changes in tax rates	(7,491)	2,288
Movement in deferred tax not recognised	126,584	(9,533)
Adjustments to tax charge in respect of previous periods	5,082	-
	<u>5,082</u>	<u>(81,975)</u>
Total current tax charge / (credit) (note 6(a))	<u>5,082</u>	<u>(81,975)</u>

NOTES TO THE FINANCIAL STATEMENTS**YEAR ENDED 31 DECEMBER 2023**

6. TAXATION (continued)**(c) Factors that may affect future tax charges**

No provision has been made for a deferred tax asset of £485,553 calculated at 25% (2022: £358,511 calculated at 25%) arising from depreciation of equipment, fixtures and fittings in excess of taxation allowances available and available losses because the timing of profits is uncertain.

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

7. PROPERTY, PLANT AND EQUIPMENT

	Fixtures & fittings £	Equipment £	Total £
Cost			
At 1 January 2022	1,877,019	-	1,877,019
Additions	10,532	-	10,532
Reallocation	51,843	-	51,843
Disposal	(51,843)	-	(51,843)
At 1 January 2023	1,887,551	-	1,887,551
Additions	41,808	1,135	42,943
Disposals	(41,808)	(1,135)	(42,943)
At 31 December 2023	1,887,551	-	1,887,551
Depreciation and impairment			
At 1 January 2022	1,877,019	-	1,877,019
Charge for the year	33,984	-	33,984
Reallocation	10,532	-	10,532
Impairment	(33,984)	-	(33,984)
At 1 January 2023	1,887,551	-	1,887,551
Charge for the year	29,606	246	29,852
Impairment	(29,606)	(246)	(29,852)
At 31 December 2023	1,887,551	-	1,887,551
Net book value			
At 31 December 2023	-	-	-
At 31 December 2022	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

8. RIGHT-OF-USE-ASSET	Land& Buildings £	Total £
Cost		
At 1 January 2022	992,288	992,288
Additions	-	-
At 31 December 2022	992,288	992,288
Additions	-	-
At 31 December 2023	992,288	992,288
Depreciation		
At 1 January 2022	270,624	270,624
Charge for the year	90,208	90,208
At 31 December 2022	360,832	360,832
Charge for the year	90,208	90,208
At 31 December 2023	451,040	451,040
Net book value		
At 31 December 2023	541,248	541,248
At 31 December 2022	631,456	631,456

The Company leases one property in which the remaining lease term is 6 years.

Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

	2023 £	2022 £
Depreciation expense on right-of-use asset	90,208	90,208
Interest expense on lease liabilities	11,269	12,795

The total cash outflow for leases amounted to £100,000 (2022: £100,000).

The property leases in which the Company is the lessee contain variable additional rentals linked to sales generated from the leased property.

During 2023, the Company paid no additional rent in relation to the variable rental (2022: nil).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

9. INVENTORIES	2023	2022
	£	£
Goods for resale	23,661	22,530
10. TRADE AND OTHER RECEIVABLES	2023	2022
	£	£
Prepayments and accrued income	21,097	17,797
11. CASH AND CASH EQUIVALENTS	2023	2022
	£	£
Cash and cash equivalents	27,391	28,031
12. AMOUNTS DUE FROM RELATED PARTIES	2023	2022
	£	£
Due in less than one year		
Montague Travcorp Limited (note 18)	76,893	81,975
The amount due is interest free, unsecured and payable on demand.		
13. AMOUNTS DUE TO RELATED PARTIES	2023	2022
	£	£
Due in more than one year		
Travcorp Financial Services Limited (note 18)	740,612	670,012
The loan bears interest at the bank base rate (2022: 2% above the bank base rate)		
14. AMOUNTS DUE TO RELATED PARTIES	2023	2022
	£	£
Due in less than one year		
Red Carnation Hotels (UK) Limited	5,615,483	5,293,049
Trafalgar Management Services Limited	1,125	1,125
Rubens Travcorp Limited	897,321	798,797
Amounts owed to related parties (note 18)	6,513,929	6,092,971
The amounts due are interest free, unsecured and payable on demand.		
15. OTHER PAYABLES	2023	2022
	£	£
Social security and other taxes	15,339	11,686
Other payables	847	2,603
Accruals	67,565	33,930
	83,751	48,219

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

16. LEASE LIABILITIES

	2023 £	2022 £
Analysed as:		
Current	90,284	88,732
Non-current	473,349	563,633
	<u>563,633</u>	<u>652,365</u>
	<u><u>563,633</u></u>	<u><u>652,365</u></u>
 <i>Maturity Analysis</i>		
Within one year	90,284	88,732
Between two and five years	377,214	370,726
After five years	96,135	192,907
	<u>563,633</u>	<u>652,365</u>
	<u><u>563,633</u></u>	<u><u>652,365</u></u>

The Company does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the Company's treasury function.

The undiscounted future cash flows on leases at 31 December 2023 were as follows:

	2023 £	2022 £
Within one year	100,000	100,000
Between two and five years	400,000	400,000
After five years	100,000	200,000
	<u>600,000</u>	<u>700,000</u>
	<u><u>600,000</u></u>	<u><u>700,000</u></u>

The rent agreement has variable rents that do not depend on an index or rate, which are not included in the measurement of the lease liability and the right of use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

NOTES TO THE FINANCIAL STATEMENTS**YEAR ENDED 31 DECEMBER 2023**

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES***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.

Liquidity risk

There is a Group treasury function in place across the whole group which is there to assist the Company with its 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. The Company does not hold any cash, however it is part of the Group treasury function.

Interest rate risk

There is no external debt within the Company, therefore there is management of the interest rate within the agreements between the related parties which at the time is in line with external borrowings. 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. On the 1st of January 2023 all loan agreements were adjusted to fixed rate in line with market. The reason for this adjustment to fixed rate is to help with the interest rate sensitivity.

Foreign exchange risk

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

Capital risk management

The Company aims to manage its overall capital so as to ensure the Company continues to operate as a going concern.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

18. RELATED PARTY TRANSACTIONS

During the year the Company incurred expenses/(income) from related parties as follows:

		2023	2022
		£	£
Red Carnation Hotels (U.K.) Limited	Management charges	301,848	305,260
Rubens Travcorp Limited	Rent	100,000	100,000
Rubens Travcorp Limited	Rental waiver	-	(25,000)
Montague Travcorp Limited	Group tax relief	5,082	-
Travcorp Financial Services Limited	Loan interest	70,600	52,289
		<u>777,530</u>	<u>532,549</u>

Amounts owed by related parties, which are unsecured and payable after more than one year:

	2023	2022
	£	£
Montague Travcorp Limited	76,893	81,975
	<u>76,893</u>	<u>81,975</u>

Amounts owing to related parties, which are unsecured and payable after more than one year:

	2023	2022
	£	£
Travcorp Financial Services Limited	740,612	670,012
	<u>740,612</u>	<u>670,012</u>

The loan bears interest at the bank base rate (2022: 2% above the bank base rate) (see note 13).

Amounts owed to related parties which are unsecured, interest free and payable on demand:

	2023	2022
	£	£
Red Carnation Hotels (U.K.) Limited	5,615,483	5,293,049
Chesterfield (Mayfair) Limited	1,125	1,125
Rubens Travcorp Limited	897,321	798,797
	<u>6,513,929</u>	<u>6,092,971</u>

19. SHARE CAPITAL

	2023		2022	
	Number	£	Number	£
Allotted, called up and fully paid				
Ordinary shares of £1 each	1	1	1	1
	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Equity shares				
Ordinary shares of £1 each	1	1	1	1
	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS**YEAR ENDED 31 DECEMBER 2023**

20. EVENTS AFTER THE REPORTING DATE

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

21. 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, a company incorporated in the British Virgin Islands. 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.