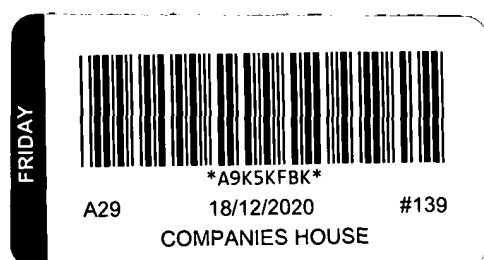


# Glasgow Manor Operations Limited

Director's report and financial statements

Year ended 31 December 2019

**Registered number: 09819532**



# Glasgow Manor Operations Limited

## Director's report and financial statements

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# Glasgow Manor Operations Limited

## Director and other information

<b>Director</b>	Christos Dimitriadis
<b>Registered office</b>	60 Welbeck Street London W1G 9XB, United Kingdom
<b>Independent auditor</b>	KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2 Ireland
<b>Registered number</b>	09819532

# Glasgow Manor Operations Limited

## Strategic report

### Principal activity

The main activity of Glasgow Manor Operations Limited ("the Company") is the operation of the Doubletree by Hilton Glasgow Central Hotel.

### Review of business

The Company achieved a turnover of £14.9 million in the year ended 31 December 2019 (2018: £14.5 million). Company produced an operating loss of £9.7 million in the year ended 31 December 2019 (2018: £7.1 million profit).

The key performance indicators for the Company are highlighted in the below table:

	2019	2018
Gross profit %	48	90
Operating (loss)/profit %	(65)	49

The Company expects 2020 to show a sizeable loss based on the impact of COVID-19 on market condition. The implications of this loss will be appropriately managed and the impacts are expected to be short term.

### Principal risks and uncertainties

The hotel industry's performance is closely aligned to the general economic environment. Therefore, a key risk facing the Company is adverse economic conditions. The Company has a low cost business model, charging its customers rates that vary depending on levels of demand. This reduces, though does not eliminate, the financial impact arising from such adverse conditions.

There are a number of operational risks which could affect the Company, including the reservation and other information systems which are critical for the smooth running of the business. The internal control structure which is in place, which includes disaster recovery plans, debtor and creditor control management, along with the investment made in staff training help to mitigate such operational risks.

### Key performance indicators

Key financial performance indicators include:

- Monitoring of industry standard measures such as occupancy and average room rates against prior year and budget against competitors;
- Monitoring of department revenues and profitability; and
- Working capital management.

Key non-financial performance indicators include:

- Monitoring of quality: the Company monitors a number of quality indicators using data from a number of sources including guest questionnaires, mystery guest programs and feedback on third-party travel review websites; and
- Success of advertising and marketing campaigns, measured by indicators such as the number of guests making direct bookings through the Company website.

By order of the board and signed on 14 December 2020 on its behalf by



Christos Dimitriadis  
Director

# Glasgow Manor Operations Limited

## Director's report

The director submits his director's report and the audited financial statements of Glasgow Manor Operations Limited ("the Company") for the year ended 31 December 2019 ("the year").

### Principal activity

The principal activity of the Company is the operating of the DoubleTree by Hilton Glasgow Central Hotel.

### Basis of preparation - going concern

The financial statements have been prepared on the going concern basis, which assumes that Glasgow Manor Operations Limited ("the Company") will continue in operational existence for the foreseeable future. In arriving at that conclusion, the director has given careful consideration to the following:

- On 31 January 2020, the World Health Organisation ("WHO") announced COVID-19 as a global health emergency. On 11 March 2020, the WHO declared it to be a pandemic in recognition of its rapid spread across the globe. Since the year end, the COVID-19 pandemic has resulted in a significant reduction in revenue for the Company due to ongoing International travel restrictions, Government restrictions on large gatherings and the general negative impact that the pandemic has had on the hospitality and tourism sectors. The implications of the pandemic are being appropriately managed and the resulting effects are expected to be short term.
- In response to the pandemic, the Company's hotels were closed in accordance with government guidelines with the exception of services provided to essential workers. The Company put in place a plan to mitigate the impact of market conditions on the Company. This included significantly reducing the Company's expenditure, suspending all unnecessary services and availing of the government scheme to furlough the majority of its staff.
- Amaris Hospitality Limited, a fellow group company, has provided a letter of support and will provide funding to each of its fellow group members to enable them to meet their liabilities as they fall due for the foreseeable future.
- In November 2020, the Company reached agreement with its landlord to implement a pause on rental payments until 31 December 2020 enabling the Company to maintain sufficient cash on hand to discharge liabilities as they fall due for the foreseeable future.
- The lease in place includes a discretionary termination clause that is exercisable by the Company or the landlord. The landlord has given an undertaking not to exercise this lease clause before December 2021.
- The director and management have prepared detailed forecasts for the Company to 31 December 2021 which incorporate the pause on rental payments to its landlord, funding available from fellow group company, Amaris Hospitality Limited, and the directors' best estimates of cash flows as the hotel begins to resume normal operations. These forecasts indicate that the Company will have sufficient cashflows to enable it to continue in operational existence for the foreseeable future.

The director has given careful consideration to the Covid-19 situation that exists and continues to evolve at the date of approval of these financial statements and the related impact on the going concern basis of preparation. The director believes that sufficient financial resources are available to enable the Company to meet its obligations as they fall due, covering a period of not less than 12 months from the date of approval of the financial statements. The director believes that this uncertainty does not represent a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. For this reason, the director continues to adopt the going concern basis in preparing these financial statements.

# Glasgow Manor Operations Limited

## Director's report *(continued)*

### **Results and dividends**

The Company's loss for the financial year is £9,524k (2018: £7,787k profit).

There were no dividends proposed during the year (2018: £Nil).

### **Director and his interest**

The director of the Company who was in office during the year and up to the date of signing the financial statements was:

Christos Dimitriadis

The director who held office at 31 December 2019 had no interests in the shares, loan stock or debentures of the Company or the entity's ultimate controlling party.

### **Subsequent events**

On 31 January 2020, the World Health Organisation ("WHO") announced Covid-19 as a global health emergency. On 11 March 2020, the WHO declared it to be a pandemic in recognition of its rapid spread across the globe. Since the year end, the Covid-19 pandemic has had a significant financial impact on the Company's results. The implications of the pandemic are being appropriately managed as outlined further in the basis of preparation note 2 and the resulting effects are expected to be short term.

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

### **Political contributions**

The Company made no political donations or incurred any political expenditure during the year.

### **Financial risk management**

The Company's operations expose it to a variety of financial risks that include the effects of changes in liquidity risk and interest rate risk.

#### ***Liquidity risk***

The Company's funding structure is designed to ensure that the Company has sufficient available funds for operations and planned expansion.

### **Disclosure of information to the auditor**

The director who held office at the date of approval of this director's report confirms that individually confirm that so far as the is aware, there is no relevant audit information of which the Company's auditor is unaware; and that he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of such information.


# Glasgow Manor Operations Limited

## Director's report *(continued)*

### Independent auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG will therefore continue in office.

On behalf of the board on 14 December 2020



Christos Dimitriadis  
*Director*

# Glasgow Manor Operations Limited

## Statement of director's responsibilities in respect of the director's report and the financial statements

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under Company law the director must not approve the financial statements unless he is 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 year. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless he either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The director is 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. He is responsible for such internal controls as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

This report was approved by the board on 14 December 2020 and signed on its behalf.



Christos Dimitriadis  
Director





KPMG  
Audit  
1 Stokes Place  
St. Stephen's Green  
Dublin 2  
D02 DE03  
Ireland

## Independent auditor's report to the members of Glasgow Manor Operations Limited

### Report on the audit of the financial statements

#### **Opinion**

We have audited the financial statements of Glasgow Manor Operations Limited ("the Company") for the year ended 31 December 2019 set out on pages 10 to 24, which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is UK Law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (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.

#### **Emphasis of matter – Covid-19**

We draw attention to notes 2.5 and 21 to the financial statements concerning the impact of Covid-19. The ultimate outcome of Covid-19 cannot presently be foreseen and therefore the ultimate impact on the entity is unknown. Our opinion is not modified in respect of this matter.

#### **We have nothing to report on going concern**

The director has prepared the financial statements on the going concern basis as he does not intend to liquidate the Company or to cease its operations, and as he has concluded that the Company's financial position means that this is realistic. He has also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").



## Independent auditor's report to the members of Glasgow Manor Operations Limited (*continued*)

### Report on the audit of the financial statements (*continued*)

#### ***We have nothing to report on going concern (*continued*)***

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the director's conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

#### ***Other information***

The director is responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic and director's report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information;

- we have not identified material misstatements in the director's report or the strategic report;
- in our opinion, the information given in the director's report and the strategic report is consistent with the financial statements;
- in our opinion, the director's report and the strategic report have been prepared in accordance with the Companies Act 2006.

#### ***Matters on which we are required to report by exception***

Under the Companies Act 2006 we are required 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.



## Independent auditor's report to the members of Glasgow Manor Operations Limited (*continued*)

### **Respective responsibilities and restrictions on use**

#### ***Responsibilities of director for the financial statements***

As explained more fully in the director's responsibilities statement set out on page 6, the director is responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 he either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### ***Auditor's responsibilities for the audit of the financial statements***

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### ***The purpose of our audit work and to whom we owe our responsibilities***

Our 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.

*Eamon Dillon*  
**Eamon Dillon (Senior Statutory Auditor)**  
**for and on behalf of**  
**KPMG Statutory Auditor**  
1 Stokes Place  
St. Stephens Green  
Dublin 2  
Ireland

15 December 2020

# Glasgow Manor Operations Limited

## Profit and loss account and other comprehensive income for the year ended 31 December 2019

### Continuing operations

	Note	2019 £'000	2018 £'000
Turnover	3	14,925	14,540
Cost of sales		(7,747)	(1,387)
<b>Gross profit</b>		<b>7,178</b>	<b>13,153</b>
Administrative expenses		(11,766)	(12,205)
Other operating costs		(5,100)	(5,650)
Exceptional items	7	-	11,778
<b>Operating (loss)/profit</b>	4	<b>(9,690)</b>	<b>7,076</b>
Interest payable and other charges	8	-	(223)
<b>(Loss)/profit before taxation on ordinary activities</b>		<b>(9,690)</b>	<b>6,853</b>
Tax credit/(charge) on profit before tax	9	166	934
<b>(Loss)/profit for the year</b>		<b>(9,524)</b>	<b>7,787</b>
Other comprehensive income		-	-
<b>Total comprehensive (expense)/income</b>		<b>(9,524)</b>	<b>7,787</b>

The notes on pages 13 to 24 form an integral part of these financial statements.

# Glasgow Manor Operations Limited

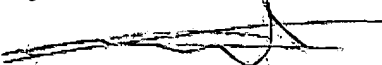
## Balance sheet

as at 31 December 2019

	Note	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Tangible assets	10	498	32
		<hr/> 498	<hr/> 32
<b>Current assets</b>			
Stock	11	125	123
Debtors: amounts due within one year	12	1,972	11,946
Debtors: amounts due greater than one year	12	441	469
Cash in hand and at bank		212	30
		<hr/> 2,750	<hr/> 12,568
Creditors: amounts due within one year	13	(11,032)	(10,860)
		<hr/> (8,282)	<hr/> 1,708
<b>Net current (liabilities)/assets</b>			
		<hr/> (7,784)	<hr/> 1,740
<b>Total assets less current (liabilities)/assets</b>			
		<hr/> (7,784)	<hr/> 1,740
<b>Net (liabilities)/assets</b>			
		<hr/> (7,784)	<hr/> 1,740
<b>Capital and reserves</b>			
Called up share capital	16	-	-
Profit and loss account		(1,576)	7,948
Other reserve	17	(6,208)	(6,208)
		<hr/> (7,784)	<hr/> 1,740
<b>Total shareholders' (deficit)/funds</b>			
		<hr/> (7,784)	<hr/> 1,740

The notes on pages 13 to 24 form part of these financial statements.

These financial statements were approved by the board of directors on 14 December 2020 and were signed on its behalf by:



Christos Dimitriadis  
Director

Company registration number: 09819532

# Glasgow Manor Operations Limited

## Statement of changes in equity for the year ended 31 December 2019

	Called up share capital £'000	Profit and loss account £'000	Other reserves £'000	Total shareholders' funds/(deficit) £'000
<b>At 31 December 2017</b>	-	161	(6,208)	(6,047)
<b>Comprehensive income for the year</b>				
Profit for the financial year	-	7,787	-	7,787
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	-	7,787	-	7,787
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2018</b>	-	7,948	(6,208)	1,740
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Comprehensive expense for the year</b>				
Loss for the financial year	-	(9,524)	-	(9,524)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total comprehensive expense for the year</b>	-	(9,524)	-	(9,524)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2019</b>	-	(1,576)	(6,208)	(7,784)
	<hr/>	<hr/>	<hr/>	<hr/>

The notes on 13 to 24 form part of these financial statements.

# Glasgow Manor Operations Limited

## Notes

*forming part of the financial statements*

### 1 Reporting entity

Glasgow Manor Operations Limited is a Company incorporated, domiciled and registered in England. The Company's registration number is 09819532 and registered address is 60 Welbeck Street, London, W1G 9XB.

### 2 Significant accounting policies

#### 2.1 Basis of preparation of financial statements

These financial statements were prepared in accordance with Financial Reporting Standard 102 ("FRS 102") *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. There have been no material departures from the standard. Monetary amounts in these financial statements are rounded to the nearest whole £1'000, except where otherwise indicated.

In transition to FRS 102 from FRS 101 *Reduced Disclosure Framework*, the Company has made no measurement and recognition adjustments.

The Company's ultimate parent undertaking, LRC-Group include the Company in its consolidated financial statements. The consolidated financial statements of LRC-Group are prepared in accordance with International Financial Reporting Standards and are available to the public and can be obtained from Companies House, Cyprus.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has adopted certain disclosure exemptions available under FRS 102. These include:

- a cash flow statement and related notes; and
- disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of LRC-Group include the equivalent disclosures, the Company has also taken the exemption under FRS 102 available in respect of the following disclosures:

- the disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instruments* in respect of financial instruments not falling within the fair value accounting rules of Schedule 3, paragraph 38 of the Companies Act 2014.

The accounting policies set out below have unless otherwise stated been applied consistently to all periods presented in these financial statements.

Judgements made by the director, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below.

#### 2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis.

#### 2.3 Functional currency

These financial statements are presented in Sterling, being the functional currency of the Company. All financial information presented in Sterling has been rounded to the nearest thousand, except where otherwise stated.

# Glasgow Manor Operations Limited

## Notes *(continued)*

### 2 Significant accounting policies *(continued)*

#### 2.4 Use of estimates and judgements

In preparing these financial statements management has made judgements, estimates and assumptions that affect application of the Company accounting policies and the reported amounts of assets, liabilities, income and expenses. Such estimates and judgements are based on historical experience and other factors, including expectation of future events that are believed to be reasonable. Actual outcomes may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

#### 2.5 Basis of preparation - going concern

The financial statements have been prepared on the going concern basis, which assumes that Glasgow Manor Operations Limited ("the Company") will continue in operational existence for the foreseeable future. In arriving at that conclusion, the director has given careful consideration to the following:

- On 31 January 2020, the World Health Organisation ("WHO") announced COVID-19 as a global health emergency. On 11 March 2020, the WHO declared it to be a pandemic in recognition of its rapid spread across the globe. Since the year end, the COVID-19 pandemic has resulted in a significant reduction in revenue for the Company due to ongoing International travel restrictions, Government restrictions on large gatherings and the general negative impact that the pandemic has had on the hospitality and tourism sectors. The implications of the pandemic are being appropriately managed and the resulting effects are expected to be short term.
- In response to the pandemic, the Company's hotels were closed in accordance with government guidelines with the exception of services provided to essential workers. The Company put in place a plan to mitigate the impact of market conditions on the Company. This included significantly reducing the Company's expenditure, suspending all unnecessary services and availing of the government scheme to furlough the majority of its staff.
- Amaris Hospitality Limited, a fellow group company, has provided a letter of support and will provide funding to each of its fellow group members to enable them to meet their liabilities as they fall due for the foreseeable future.
- In November 2020, the Company reached agreement with its landlord to implement a pause on rental payments until 31 December 2020 enabling the Company to maintain sufficient cash on hand to discharge liabilities as they fall due for the foreseeable future.
- The lease in place includes a discretionary termination clause that is exercisable by the Company or the landlord. The landlord has given an undertaking not to exercise this lease clause before December 2021.
- The director and management have prepared detailed forecasts for the Company to 31 December 2021 which incorporate the pause on rental payments to its landlord, funding available from fellow group company, Amaris Hospitality Limited, and the directors' best estimates of cash flows as the hotel begins to re-open and resume normal operations. These forecasts indicate that the Company will have sufficient cashflows to enable it to continue in operational existence for the foreseeable future.



# Glasgow Manor Operations Limited

## Notes *(continued)*

### **2 Significant accounting policies *(continued)***

#### **2.5 Going concern *(continued)***

The director has given careful consideration to the Covid-19 situation that exists and continues to evolve at the date of approval of these financial statements and the related impact on the going concern basis of preparation. The director believes that sufficient financial resources are available to enable the Company to meet its obligations as they fall due, covering a period of not less than 12 months from the date of approval of the financial statements. The director believes that this uncertainty does not represent a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. For this reason, the director continues to adopt the going concern basis in preparing these financial statements.

#### **2.6 Revenue**

Revenue represents sales (excluding VAT and similar taxes) of goods and services net of trade discounts provided in the normal course of business.

Revenue is derived from hotel operations and includes the rental of rooms, food and beverage sales, and other revenue. Revenue is recognised when rooms are occupied and food and beverages are sold.

#### **2.7 Leases**

Assets held by the Company under leases that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's balance sheet. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### **2.8 Finance income and finance costs**

Interest income or expenses are recognised using the effective interest method.

#### **2.9 Taxation**

Income tax expense comprises current and deferred tax. It is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates and laws that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes.

# Glasgow Manor Operations Limited

## Notes *(continued)*

### 2 Significant accounting policies *(continued)*

#### 2.9 Taxation *(continued)*

Deferred tax is not recognised for the following temporary differences: those differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised to the extent that it is probable future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

#### 2.10 Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and impairment. Impairment losses are recognised in profit and loss.

##### ***Depreciation***

Tangible fixed assets are depreciated to a residual value over the estimated useful lives.

The estimated useful lives range as follows:

Computer equipment, fixtures and fittings	-	5 years
---	---	---------

Depreciation is charged to the income statement on a straight line basis over the estimated useful life. Residual value is reassessed annually.

#### 2.11 Financial instruments

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

##### ***(i) Non-derivative financial assets and financial liabilities – recognition and derecognition***

The Company initially recognises loans and receivables issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

# Glasgow Manor Operations Limited

## Notes (continued)

### 2 Significant accounting policies (continued)

#### 2.11 Financial instruments (continued)

##### **(ii) Non-derivative financial assets and financial liabilities – recognition and derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

##### **(iii) Non-derivative financial assets – measurement**

###### *Loans and receivables*

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

##### **(iv) Non-derivative financial liabilities – measurement**

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

##### **(v) Ordinary shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Ordinary dividends declared as final dividends are recognised as a liability in the period in which they are approved by shareholders. Interim dividends are recognised as a liability when declared.

#### 2.12 Pension

##### **Defined contribution plans**

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

#### 2.13 Stock

Stock is measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principal.

# Glasgow Manor Operations Limited

## Notes *(continued)*

### **2 Significant accounting policies *(continued)***

#### **2.14 Trade and other debtors**

Trade and other debtors are initially measured at fair value. Subsequent to initial recognition they are measured at amortised cost. An allowance is made when collection of the full amount is no longer considered probable.

#### **2.15 Trade and other payables**

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost, which approximates to fair value given the short-term nature of these.

#### **2.16 Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less.

Cash equivalents are short-term highly liquid investments with an original maturity of three months or less from the date of acquisition that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

#### **2.17 Provisions and contingent liabilities**

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of that outflow can be measured reliably. If the effect is material, provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of an outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of an outflow of economic benefits is remote.

#### **2.18 Exceptional items**

Exceptional items are items that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

### **3 Turnover**

The whole of the turnover is attributable to the Company's main activity which is carried out in the United Kingdom. Turnover analysis is not presented due to its commercial sensitivity.

# Glasgow Manor Operations Limited

## Notes (continued)

### 4 Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2019 £000	2018 £000
Depreciation of tangible assets	28	882
Auditors' remuneration	-	-
<b>Operating lease rentals:</b>		
- land and buildings	5,100	2,742
	<hr/>	<hr/>

Auditor's remuneration was borne by another group company in 2019 and 2018.

### 5 Staff numbers and costs

	2019 £'000	2018 £'000
<i>Staff costs were as follows:</i>		
Wages and salaries	3,458	3,378
Social security costs	175	182
Pension costs	55	45
	<hr/>	<hr/>
	3,688	3,605
	<hr/>	<hr/>

The average monthly number of employees, including the director, employed by the Company during the year was 177 (2018: 173).

### 6 Director's remuneration

There was no remuneration paid to the director by the Company during the year (2018: £Nil). There were no retirement benefits accruing to the director (2018: £Nil).

### 7 Exceptional items

	2019 £000	2018 £000
Loan waivers	-	11,778
	<hr/>	<hr/>
	-	11,778
	<hr/>	<hr/>

On 1 April 2018 the shareholders of the Company undertook an inter-company rationalisation exercise to eliminate inter-company balances and simplify the legal entity structure of the entities under its common control. This rationalisation was initiated by the director of the Company following the acquisition by the new parent. £11,778k of loans owed to fellow group companies were forgiven in the prior year.

# Glasgow Manor Operations Limited

## Notes (continued)

<b>8</b>	<b>Interest payable and similar charges</b>	<b>2019 £000</b>	<b>2018 £000</b>
	Bank charges	-	5
	Interest payable to group undertakings	-	218
		<hr/>	<hr/>
		-	223
		<hr/>	<hr/>
<b>9</b>	<b>Tax on (loss)/profit on ordinary activities</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
	<b>Corporation tax</b>		
	Current tax on (loss)/profit for the year	-	195
	Prior year credit	(194)	(26)
		<hr/>	<hr/>
	<b>Total current tax</b>	<b>(194)</b>	<b>169</b>
		<hr/>	<hr/>
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	36	(1,080)
	Prior year credit	(4)	(23)
	Effects of changes in tax rates	(4)	-
		<hr/>	<hr/>
	<b>Total deferred tax</b>	<b>28</b>	<b>(1,103)</b>
		<hr/>	<hr/>
	<b>Tax charge on (loss)/profit on ordinary activities</b>	<b>(166)</b>	<b>(934)</b>
		<hr/>	<hr/>
The tax assessed differs from the standard rate of corporation tax in the UK of 19% (2018: 19.00%). The differences are explained below:			
	<b>Factors affecting tax charge for the year</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
	(Loss)/profit on ordinary activities before taxation	(9,689)	6,853
		<hr/>	<hr/>
	(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19.00%)	(1,841)	1,302
	<b>Effects of:</b>		
	Prior year adjustment	(198)	(49)
	Expenses not deductible for tax purposes	1,857	(2,251)
	Deferred tax not recognised	20	(63)
	Change in rate	(4)	127
		<hr/>	<hr/>
	<b>Total tax (credit)/charge for the year</b>	<b>(166)</b>	<b>(934)</b>
		<hr/>	<hr/>

# Glasgow Manor Operations Limited

## Notes (continued)

### 9 Tax on (loss)/profit on ordinary activities (continued)

#### Factors that may affect future tax charges

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were enacted on 26 October 2015. Finance Bill 2015 further reduced the 18% rate to 17% from 1 April 2020, following substantial enactment on 6 September 2016. Together this will reduce the Company's future tax charges accordingly.

### 10 Tangible assets

Fixtures,  
fittings and  
equipment  
2019  
£'000

#### Cost

At 1 January 2019  
Additions in year

33  
494

At 31 December 2019

527

#### Accumulated depreciation

At 1 January 2019  
Charge for the year

1  
28

At 31 December 2019

29

#### Net book value

At 1 January 2019

32

At 31 December 2019

498

### 11 Stocks

2019  
£000

2018  
£000

Food and beverage stocks

125

123

125

123

# Glasgow Manor Operations Limited

## Notes (continued)

<b>12 Debtors</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
Trade debtors	1,377	652
Prepayments and other debtors	315	1,716
Amounts owed by third parties	-	9,556
Corporation tax	290	22
I/co debtors	(10)	-
<b>Total within one year</b>	<b>1,972</b>	<b>11,946</b>
Deferred tax (due later than one year) (Note 14)	441	469
	<b>2,413</b>	<b>12,415</b>

Amounts owed by fellow group undertakings are interest free and due on demand.

<b>13 Creditors: amounts falling due within one year</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
Trade creditors	3,073	717
Accruals and other creditors	1,311	1,257
Deferred income	608	698
VAT	114	2,636
Loans due to fellow group undertakings	-	5,552
Amounts due to fellow group undertakings	5,926	-
	<b>11,032</b>	<b>10,860</b>

Loans payable to group companies and amounts due to group companies are interest free and repayable on demand.

<b>14 Deferred taxation</b>	<b>£'000</b>
At 1 January 2019	(469)
Adjustment in respect of prior periods	(4)
Deferred tax charge to income statement for the period	32
<b>At 31 December 2019</b>	<b>(441)</b>

The provision for deferred taxation is made up as follows:

	<b>2019 £'000</b>	<b>2018 £'000</b>
Capital allowances	(441)	(469)
	<b>(441)</b>	<b>(469)</b>



# Glasgow Manor Operations Limited

## Notes (continued)

<b>15 Financial instruments</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>

*The Company had the following financial instruments:*

### **Financial assets**

Financial assets that are debt instruments measured at amortised cost

<b>1,972</b>	<b>11,946</b>
--------------	---------------

<b>1,972</b>	<b>11,946</b>
--------------	---------------

### **Financial liabilities**

Financial liabilities measured at amortised cost

<b>(11,032)</b>	<b>(10,860)</b>
-----------------	-----------------

<b>(11,032)</b>	<b>(10,860)</b>
-----------------	-----------------

<b>16 Called up share capital</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>

### **Allotted, called up and fully paid**

1 ordinary shares of £1 each

<b>1</b>	<b>1</b>
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## **17 Other reserve**

The other reserve was created on the acquisition of the trade and certain assets and liabilities of the Doubletree by Hilton Glasgow Hotel on 30 June 2017.

## **18 Commitments**

### **(a) Capital commitments**

At 31 December 2019 the Company had no capital commitments (2018: £Nil).

<b>(b) Operating lease commitments</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>

Not later than 1 year	<b>5,100</b>	<b>5,100</b>
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Later than 1 year and not later than 5 years	<b>20,400</b>	<b>20,400</b>
--	---------------	---------------

Later than 5 years	<b>20,400</b>	<b>25,500</b>
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<b>Total</b>	<b>45,900</b>	<b>51,000</b>
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Total operating lease charge in the year was £5,100,000.

The leases in place include discretionary termination clauses that are exercisable by the Company or the landlord. The landlord has given an undertaking not to exercise this clause before December 2021.

# Glasgow Manor Operations Limited

## Notes *(continued)*

### **19 Group relationships and ultimate controlling parties**

The immediate parent Company is Ziferk Limited, a Company registered in Cyprus. The ultimate controlling party is LRC-Group. The largest group in which the results of the Company are consolidated is that headed by LRC-Group. The financial statements of LRC-Group can be obtained from Companies House, Cyprus.

### **20 Related party transactions**

The Company has availed of the exemptions available in FRS 102 from disclosing transactions entered into between two or more members of a group and also key management personnel compensation disclosures.

There were no other related party transactions.

### **21 Subsequent events**

On 31 January 2020, the World Health Organisation ("WHO") announced Covid-19 as a global health emergency. On 11 March 2020, the WHO declared it to be a pandemic in recognition of its rapid spread across the globe. Since the year end, the Covid-19 pandemic has had a significant financial impact on the Company's results. The implication of the pandemic are being appropriately managed as outlined further in the basis of preparation note 2 and the resulting effects are expected to be short term.

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

### **22 Transition to FRS 102**

During the year the Company transitioned to FRS 102. The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

### **23 Approval of the financial statements**

The financial statements were approved by the director on 14 December 2020.