

COMPANIES HOUSE

14 AUG 2022

EDINBURGH MAILBOX

Company Registration No. SC452799 (Scotland)

**CSG HOTELS AND APARTMENTS
LIMITED**

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2021

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COMPANIES HOUSE

CSG HOTELS AND APARTMENTS LIMITED

COMPANY INFORMATION

Directors	C J Stewart A J Aiton
Secretary	Davidson Chalmers Stewart (Secretarial Services) Limited
Company number	SC452799
Registered office	12 Hope Street EDINBURGH EH2 4DB
Auditor	KPMG LLP Saltire Court 20 Castle Terrace EDINBURGH EH1 2EG

CSG HOTELS AND APARTMENTS LIMITED

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CSG HOTELS AND APARTMENTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The directors present the strategic report for the year ended 30 June 2021.

Fair review of the business

The ongoing Coronavirus pandemic and nationwide restrictions and lockdowns resulted in the three properties remaining closed for a large portion of the year. The Courtyard by Marriott re-opened in the last week of July 2020 but closed again during the January 2021 lockdown period before re-opening fully in April 2021 when restrictions were lifted. Old Town Chambers and Abbey Strand remained closed to short stay guests until April 2021. This resulted in a 72% drop in turnover for the year and an operating loss. Extensive exercises continued to be undertaken to ensure costs were controlled and minimised during these closure periods along with Government support being utilised where available.

To minimise losses from the properties being closed, the decision was taken to accept a number of longer stay guests in Old Town Chambers from October 2020. This allowed a base level of business to help cover a portion of the fixed operating costs of the buildings.

On 1 July 2020, Cheval Collection Limited took on operational management responsibility for the Old Town Chambers and Abbey Strand properties under a five-year management agreement, which includes a licence to operate under the Cheval brand. This relationship will allow access to a much wider range of distribution channels than previously available and increase visibility and brand awareness globally. When global travel returns to a pre-pandemic level, we anticipate that this association will lead to increased sales, higher rates and reduced commission costs.

During the year, construction work continued on the building at 329 High Street, adjacent to Old Town Chambers, to develop a further 24 apartments and exciting restaurant offering on Edinburgh's Royal Mile. The work was almost complete at year end and the new apartments opened in August 2021.

Financing

During the year, the Group drew down a further £5.8m of their facility with Laxfield LLP to fund the 329 High Street development.

Property – valuation

As in previous years, the operating hotel has been revalued at the end of the financial year, with a resultant valuation uplift of £885k and a decrease in the revaluation reserve of £195k after accounting for changes in deferred tax.

The Old Town Chambers property has also been revalued at the end of the financial year. This resulted in a valuation uplift of £12.6m and an increase to the revaluation reserve of £9m after accounting for changes in deferred tax.

CSG HOTELS AND APARTMENTS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Principal risks and uncertainties

The principal risks and uncertainties affecting the Group include the following:

- **Coronavirus:** demand from business and leisure guests has been constrained significantly by the Government imposed national lockdowns and further localised restrictions. The Group continues to adhere to all hygiene and social distancing requirements, ensuring the health and safety of both staff and guests are a priority. The Group mitigates this risk by ensuring the sales team is tracking the restriction requirements very closely, forecasting the recovery of the tourist market and ensuring that any opportunities are exploited as they arise. The Group also continues to let out a number of apartments on a long stay basis to ensure a base level of business.
- **Competition:** new entrants into the market within close proximity to the Group's properties. The Group continues to focus upon guest services and brand standards allowing its product to be differentiated from competitors.
- **Political risk:** the Group continues to monitor the implications of the UK's exit from the European Union, particularly ongoing access to residents of the European Union seeking work in the UK, and the ease of accessibility to the UK for overseas visitors.
- **Economic risk:** increases in costs due to supplier price increases, labour shortages, the changing energy markets and rising inflation pose significant challenges to the Group. We continue to keep a close eye on individual costs lines, have entered long term fixed energy contracts to ensure clear visibility and reduce volatility. The Group is also in discussions with specialised procurement companies to ensure we obtain the best possible prices for our purchases.

Development and performance

Key areas of strategic development and performance of the Group include:

- **Sales and marketing:** as the downturn continued, the Group was swift to adapt and deploy a more dynamic approach to business opportunities. Examples include targeting new sectors including a longer length of stay. A focus on securing contracts in alternative market segments and building a higher base business level is also being pursued. The new management relationship with Cheval Collection, which has provided access to new markets and direct business with lower commission rates, is also a key part of the Group's strategic development going forward.
- **Competitive advantage:** the Group focuses on areas where it has a competitive advantage in the four and five star markets which places it well in terms of long term income/cash flow growth potential.

Key performance indicators

The Group monitors key financial performance indicators across all sites in order to maximise performance, room rate and occupancy. The Group's performance is benchmarked regularly against hotels in the immediate vicinity.

The Group also monitors key non-financial indicators such as feedback from guests, ratings on guest online surveys and third-party internet feedback sites such as TripAdvisor and Booking.com.

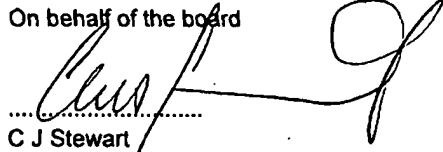
	2021	2020
Rooms sold	25,965	60,739
Average room rate	£75.04	£123.16
Occupancy	25.0%	58.5%
RevPar (Revenue per available room)	£18.73	£72.03

CSG HOTELS AND APARTMENTS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

On behalf of the board



.....
C J Stewart
Director

Date: 29 July 2022

CSG HOTELS AND APARTMENTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The directors present their annual report and financial statements for the year ended 30 June 2021.

Principal activities

The principal activity of the company is that of a holding company. The principal activity of the group continued to be that of the purchase and development of property, including the development and operation of a hotel and short stay serviced apartments.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

C J Stewart
A J Aiton

Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

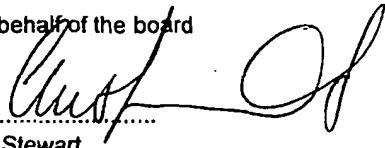
Auditor

The auditor, KPMG LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



C J Stewart

Director

29 July 2022

12 Hope Street
EDINBURGH
EH2 4DB

CSG HOTELS AND APARTMENTS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2021

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 they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

CSG HOTELS AND APARTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CSG HOTELS AND APARTMENTS LIMITED

Opinion

We have audited the financial statements of CSG Hotels and Apartments Limited ("the Company") for the year ended 30 June 2021 which comprise the group profit and loss account, group statement of comprehensive income, group balance sheet, company balance sheet, group statement of changes in equity, company statement of changes in equity, group statement of cash flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2021 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their 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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the Group or the Company will continue in operation.

CSG HOTELS AND APARTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CSG HOTELS AND APARTMENTS LIMITED

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- The risk that management may be in a position to make inappropriate accounting entries and
- The risk of bias in accounting estimates.

On this audit we do not believe there is a fraud risk related to revenue recognition because there are limited incentives, rationalizations and/or opportunities to fraudulently adjust revenue recognition. We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual account combinations.
- Assessing whether the judgements made in accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations. The potential effect of these laws and regulations on the financial statements varies considerably.

The Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Group is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

CSG HOTELS AND APARTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CSG HOTELS AND APARTMENTS LIMITED

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and Directors' report

The directors are responsible for the strategic and the directors' report. Our opinion on the financial statements does not cover these reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report 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 strategic report and the directors' report;
- in our opinion the information given in these reports for the financial year is consistent with the financial statements; and
- in our opinion these reports 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor 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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

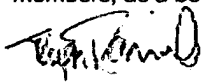
CSG HOTELS AND APARTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CSG HOTELS AND APARTMENTS LIMITED

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

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.



Hugh Harvie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Date: 29 July 2022

Chartered Accountants

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

CSG HOTELS AND APARTMENTS LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 £	2020 £
Turnover	3	2,369,768	8,369,416
Cost of sales		(1,528,889)	(2,952,459)
Gross profit		840,879	5,416,957
Administrative expenses		(2,258,675)	(3,730,521)
Other operating income		802,820	304,695
Operating (loss)/profit	4	(614,976)	1,991,131
Interest receivable and similar income	7	8,569	8
Interest payable and similar expenses	8	(1,959,958)	(2,230,066)
Loss before taxation		(2,566,365)	(238,927)
Tax on loss	9	454,277	26,343
Loss for the financial year	23	(2,112,088)	(212,584)

The Profit and loss account has been prepared on the basis that all operations are continuing operations.

Loss for the financial year is all attributable to the owners of the parent company.

The notes on pages 17-37 form an integral part of these financial statements.

CSG HOTELS AND APARTMENTS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	2021 £	2020 £
Loss for the year	<u>(2,112,088)</u>	<u>(212,584)</u>
Other comprehensive income		
Revaluation of tangible fixed assets	13,484,786	946,873
Tax relating to other comprehensive income	<u>(4,645,765)</u>	<u>(447,282)</u>
Other comprehensive income for the year	<u>8,839,021</u>	<u>499,591</u>
Total comprehensive income for the year	<u>6,726,933</u>	<u>287,007</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

The notes on pages 17-37 form an integral part of these financial statements.

CSG HOTELS AND APARTMENTS LIMITED

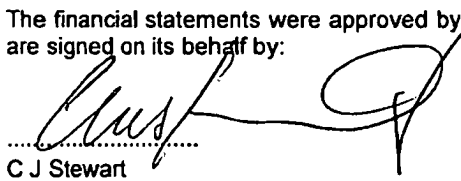
GROUP BALANCE SHEET

AS AT 30 JUNE 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	10	90,269,042		67,923,468	
Current assets					
Stocks	13	16,516		12,788	
Debtors	14	28,334,797		29,790,850	
Cash at bank and in hand		515,507		252,494	
		<u>28,866,820</u>		<u>30,056,132</u>	
Creditors: amounts falling due within one year	15	<u>(16,255,739)</u>		<u>(11,895,666)</u>	
Net current assets		<u>12,611,081</u>		<u>18,160,466</u>	
Total assets less current liabilities		<u>102,880,123</u>		<u>86,083,934</u>	
Creditors: amounts falling due after more than one year	16	(62,064,909)		(56,250,714)	
Provisions for liabilities	20	(8,556,630)		(4,301,569)	
Net assets		<u><u>32,258,584</u></u>		<u><u>25,531,651</u></u>	
Capital and reserves					
Called up share capital	22	883		883	
Share premium account	23	4,120,946		4,120,946	
Revaluation reserve	23	31,500,412		22,661,391	
Capital redemption reserve	23	118		118	
Profit and loss reserves	23	(3,363,775)		(1,251,687)	
Total equity		<u><u>32,258,584</u></u>		<u><u>25,531,651</u></u>	

The notes on pages 17-37 form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 29 July 2022 and are signed on its behalf by:


C J Stewart
Director

Company Registration No. SC452799

CSG HOTELS AND APARTMENTS LIMITED

COMPANY BALANCE SHEET

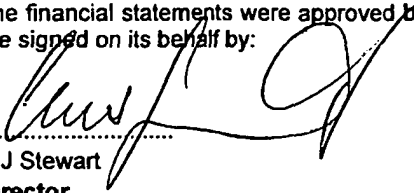
AS AT 30 JUNE 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Investments	11		2		2
Current assets					
Debtors	14	8,072,652		8,072,652	
Creditors: amounts falling due within one year	15	(3,924,832)		(3,924,832)	
Net current assets			4,147,820		4,147,820
Total assets less current liabilities			4,147,822		4,147,822
Capital and reserves					
Called up share capital	22		883		883
Share premium account	23		4,120,946		4,120,946
Capital redemption reserve	23		118		118
Profit and loss reserves	23		25,875		25,875
Total equity			4,147,822		4,147,822

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £0 (2020 - £4,875,000 profit).

The notes on pages 17-37 form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 29 July 2022 and are signed on its behalf by:


C J Stewart
Director

Company Registration No. SC452799

CSG HOTELS AND APARTMENTS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Share capital £	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 July 2019	1,001	4,120,946	22,161,800	-	3,810,022	30,093,769
Year ended 30 June 2020:						
Loss for the year	-	-	-	-	(212,584)	(212,584)
Other comprehensive income:						
Revaluation of tangible fixed assets	-	-	946,873	-	-	946,873
Tax relating to other comprehensive income	-	-	(447,282)	-	-	(447,282)
Total comprehensive income for the year	-	-	499,591	-	(212,584)	287,007
Own shares acquired	-	-	-	-	(4,825,000)	(4,825,000)
Reduction of shares	(118)	-	-	118	-	-
Other movements	-	-	-	-	(24,125)	(24,125)
Balance at 30 June 2020	883	4,120,946	22,661,391	118	(1,251,687)	25,531,651
Year ended 30 June 2021:						
Loss for the year	-	-	-	-	(2,112,088)	(2,112,088)
Other comprehensive income:						
Revaluation of tangible fixed assets	-	-	13,484,786	-	-	13,484,786
Tax relating to other comprehensive income	-	-	(4,645,765)	-	-	(4,645,765)
Total comprehensive income for the year	-	-	8,839,021	-	(2,112,088)	6,726,933
Balance at 30 June 2021	883	4,120,946	31,500,412	118	(3,363,775)	32,258,584

The notes on pages 17-37 form an integral part of these financial statements.

CSG HOTELS AND APARTMENTS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 July 2019	1,001	4,120,946	-	-	4,121,947
Year ended 30 June 2020:					
Profit and total comprehensive income for the year	-	-	-	4,875,000	4,875,000
Own shares acquired	-	-	-	(4,825,000)	(4,825,000)
Reduction of shares	(118)	-	118	-	-
Other	-	-	-	(24,125)	(24,125)
Balance at 30 June 2020	883	4,120,946	118	25,875	4,147,822
Year ended 30 June 2021:					
Profit and total comprehensive income for the year	-	-	-	-	-
Balance at 30 June 2021	883	4,120,946	118	25,875	4,147,822

The notes on pages 17-37 form an integral part of these financial statements.

CSG HOTELS AND APARTMENTS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	28	386,374		3,040,058	
Interest paid		(1,959,958)		(2,119,006)	
Income taxes refunded/(paid)		78,246		(1)	
Net cash (outflow)/inflow from operating activities		(1,495,338)		921,051	
Investing activities					
Purchase of tangible fixed assets		(7,267,770)		(4,397,261)	
Interest received		8,569		8	
Net cash used in investing activities		(7,259,201)		(4,397,253)	
Financing activities					
Purchase of own shares		-		(4,849,125)	
Proceeds from other borrowings		5,719,462		-	
Funding received from/(provided to) related parties		3,315,303		8,231,196	
Payment of finance leases obligations		(17,213)		(16,805)	
Net cash generated from financing activities		9,017,552		3,365,266	
Net increase/(decrease) in cash and cash equivalents		263,013		(110,936)	
Cash and cash equivalents at beginning of year		252,494		363,430	
Cash and cash equivalents at end of year		515,507		252,494	

CSG HOTELS AND APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

Company information

CSG Hotels and Apartments Limited ("the company") is a limited company domiciled and incorporated in Scotland. The registered office is 12 Hope Street, EDINBURGH, EH2 4DB.

The group consists of CSG Hotels and Apartments Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold land and buildings. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of CSG Hotels and Apartments Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 30 June 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

CSG HOTELS AND APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

1.3 Going concern

The company and group is under the control of Christopher Stewart, along with two other groups, CSG Commercial Limited and CSG Investments Limited. These groups which are involved in real estate development and investment and hotel operation manage their day to day, medium and long-term capital requirements through a combination of cash balances and inter and intra-group borrowings and external borrowings. In considering the going concern assessment of each company within these 3 groups the directors prepare forecasts which consider all the companies within them on a combined basis due to these common financing arrangements. Financial covenants on certain facilities principally relate to interest cover, EBITDA levels and loan to value.

The Directors have prepared these forecasts for a period through 12 months from the date of signing the financial statements. They are based on management's latest assumptions including occupancy rates, average daily rate and staff costs and assume that Covid-19 related government support will not be extended beyond the currently announced terms. The forecasts have been prepared with reference to the historical pre COVID 19 pandemic trading conditions, latest actual trading results as well as seeking to model the impact of severe but plausible downside risks. The downside scenarios applied were a 50% reduction in EBITDA during the winter period December 2022 to May 2023; to consider any future possible lockdowns. The forecasts also model on-going property development activity which is funded by a combination of development specific finance and inter-group borrowing.

By their very nature forecasts and projections are inherently uncertain, however the combined forecasts show that the groups will operate within the limits of their available cash and borrowing facilities, including remaining compliant with relevant financial covenants, throughout the period of 12 months from the date of signing the financial statements.

The forecasts for this group and company assume that its creditors under common control of the ultimate controlling party, Christopher Stewart, will not withdraw amounts forwarded to it and that they intend to continue to make available such funds as are needed by it for the period covered by the forecasts. This has been confirmed in writing by those parties. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on the Company and Group's forecast and projections, the Directors have a reasonable expectation that the Company and Group will have adequate resources to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.4 Turnover

Turnover represents the total invoice value of sales made during the year and is shown net of VAT and other sales related taxes.

Turnover comprises the following streams:

- Sale of goods: Turnover from the sale of food and beverages is recognised at the point of sale.
- Rendering of services: Revenue from room sales and other guest services is recognised when rooms are occupied and as services are provided.
- Rental income and service charges: Turnover from rental income and service charges receivable is recognised on a straight line basis.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

CSG HOTELS AND APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values. No depreciation has been applied to certain properties included in the group's freehold land and buildings. The directors believe that, given the nature of these properties, the residual value is at least equal to the properties' carrying value.

For other assets, depreciation is recognised so as to write off the cost or valuation less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% straight line
Fixtures and fittings	20% to 25% straight line
Computer equipment	33% straight line
Land	Not depreciated

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.6 Fixed asset investments

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Borrowing costs related to fixed assets

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the profit and loss account in the period in which they are incurred.

1.8 Impairment of fixed assets

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. Any excess is recognised in the profit and loss account.

CSG HOTELS AND APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss account, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct costs that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the profit and loss account. Reversals of impairment losses are also recognised in the profit and loss account.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and deposits held at call with banks.

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include certain debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments, are measured at cost less impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

CSG HOTELS AND APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including certain creditors, bank loans and amounts owed to fellow group companies and related parties, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

CSG HOTELS AND APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets' fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred.

CSG HOTELS AND APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Carrying value of tangible fixed assets (NBV of £90m (2020 - £68m))

The group's freehold land and buildings are carried at valuation. The directors are therefore required to consider the valuation each year to ensure that this remains appropriately stated. In performing this review, the directors consider a number of factors including recent valuations of the land and buildings performed by Chartered Surveyors in accordance with RICS appraisal and valuation standards.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2021	2020
	£	£
Turnover analysed by class of business		
Room sales and guest services	1,930,495	7,495,038
Food and beverage sales	370,989	732,671
Commercial rent	27,875	29,164
Other	40,409	112,543
	<u>2,369,768</u>	<u>8,369,416</u>
	2021	2020
	£	£
Other significant revenue		
Interest income	8,569	8
Grants received	<u>510,052</u>	<u>304,695</u>

During the year, the group received Government assistance from the Job Retention Scheme of £393,244 (2020: £304,695) as well as other Covid-19 related grants of £116,808 (2020: £Nil).

CSG HOTELS AND APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

4 Operating (loss)/profit

	2021 £	2020 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Government grants	(510,052)	(304,695)
Depreciation of owned tangible fixed assets	1,056,968	1,105,496
Operating lease charges	-	11,364
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	3,000	3,000
Audit of the financial statements of the company's subsidiaries	20,000	20,000
	<u>23,000</u>	<u>23,000</u>

Fees payable to the group's auditor are borne by Lateral City Limited, a subsidiary undertaking.

6 Employees

The average monthly number of persons employed by the group and company during the year was:

	2021 Number	2020 Number
Management and administration	14	17
Hotel operations	56	101
	<u>70</u>	<u>118</u>

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	959,628	1,430,904
Social security costs	62,679	147,543
Pension costs	24,813	44,987
	<u>1,047,120</u>	<u>1,623,434</u>

CSG HOTELS AND APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

7 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	1	8
Other interest income	8,568	-
Total income	8,569	8

8 Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank overdrafts and loans	1,360,899	1,633,842
Interest on finance leases and hire purchase contracts	599,059	596,224
Total finance costs	1,959,958	2,230,066

9 Taxation

	2021	2020
	£	£
Current tax		
Adjustments in respect of prior periods	(63,573)	-
Deferred tax		
Origination and reversal of timing differences	(611,240)	5,356
Changes in tax rates	220,540	72,949
Adjustment in respect of prior periods	(4)	(104,648)
Total deferred tax	(390,704)	(26,343)
Total tax credit	(454,277)	(26,343)

CSG HOTELS AND APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

9 Taxation

(Continued)

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Loss before taxation	(2,566,365)	(238,927)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(487,609)	(45,396)
Tax effect of expenses that are not deductible in determining taxable profit	(153,931)	50,751
Tax effect of utilisation of tax losses	63,573	-
Adjustments in respect of prior years	(63,573)	-
Effect of change in corporation tax rate	73,842	72,950
Deferred tax adjustments in respect of prior years	(4)	(104,648)
Fixed asset differences	113,425	-
Taxation credit	(454,277)	(26,343)

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2021 £	2020 £
Deferred tax arising on:		
Revaluation of property	4,645,765	447,282

The Finance Act 2021 was substantively enacted on 24 May 2021, which had the effect of increasing the main rate of corporation tax from 19% to 25% from 1 April 2023. As this rate change was enacted before the balance sheet date, any deferred tax assets or liabilities have been calculated at 19% or 25% in line with when the group anticipates the temporary differences will unwind.

CSG HOTELS AND APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

10 Tangible fixed assets

Group	Freehold land and buildings £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 July 2020	68,107,647	3,285,550	169,468	71,562,665
Additions	9,768,714	136,413	12,629	9,917,756
Revaluation	13,484,786	-	-	13,484,786
At 30 June 2021	91,361,147	3,421,963	182,097	94,965,207
Depreciation and impairment				
At 1 July 2020	1,506,631	1,988,706	143,860	3,639,197
Depreciation charged in the year	430,466	607,951	18,551	1,056,968
At 30 June 2021	1,937,097	2,596,657	162,411	4,696,165
Carrying amount				
At 30 June 2021	89,424,050	825,306	19,686	90,269,042
At 30 June 2020	66,601,016	1,296,844	25,608	67,923,468

The group's operating hotel and serviced apartments are valued annually by the Directors. These valuations are informed by open market valuations performed by Chartered Surveyors the most recent of which were performed in March 2018 and October 2021 by Savills, conducted in accordance with RICS appraisal and valuation standards. The properties are valued as fully equipped operational entities.

Sale and Leaseback

During the year ended 30 June 2017, the group entered into a sale and leaseback agreement, secured on the operating hotel. Under this agreement, the hotel is subject to ongoing rental obligations over a period of 150 years, with the option to repurchase the site for £1 at the end of the lease agreement. In accordance with FRS 102 Chapter 20, the hotel continues to be recognised on balance sheet on a freehold valuation basis as if the sale and leaseback had not occurred.

These transactions are accounted for as financing arrangements and rent payable is treated as an interest expense in the Profit and Loss account less amortisation of the capital sum received. Rent payable is subject to annual inflationary increases linked to RPI.

The following assets are carried at valuation. If the assets were measured using the cost model, the carrying amounts would be as follows:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Cost	54,726,265	40,822,913	-	-
Accumulated depreciation	4,251,655	3,363,516	-	-
Carrying value	50,474,610	37,459,397	-	-

CSG HOTELS AND APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

10 Tangible fixed assets (Continued)

Included within land and buildings is borrowing costs of £1,093,156 (2020 - £1,017,754) directly attributable to the acquisition and development of the assets.

Also included within freehold land and buildings is land totalling £8,000,000 which is not depreciated.

11 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	12	-	-	2	2

Investments are valued at historic cost less impairment.

Movements in fixed asset investments Company

	Shares in subsidiaries £
Cost or valuation	
At 1 July 2020 and 30 June 2021	2
Carrying amount	
At 30 June 2021	2
At 30 June 2020	2

12 Subsidiaries

Details of the company's subsidiaries at 30 June 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect	
CSG Baxter's Place Holdings Limited	See below	Investment holding	Ordinary	100.00	-
CSG Baxter's Place Limited	See below	Hotel operator	Ordinary	-	100.00
Lateral City Limited	See below	Serviced apartments	Ordinary	100.00	-
Trendy Celt (Baxter Place 2) Limited	See below	Dormant	Ordinary	-	100.00
Trendy Celt (Baxter Place) Limited	See below	Dormant	Ordinary	-	100.00

CSG HOTELS AND APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

12 Subsidiaries

(Continued)

As outlined in note 26, the group disposed of its investment in CSG Baxter's Place Limited on 21 December 2021. Following the sale, CSG Baxter's Place Limited changed its company name to BPH Baxter's Place Limited as well as its registered office to C/O Valor Hospitality Europe Limited, Gatehouse, Glenfoot Estate, Ardrossan, KA22 8PQ.

The registered office of CSG Baxter's Place Holdings Limited is The Tower, 7 Advocate's Close, Edinburgh, EH1 1ND.

The registered office of Lateral City Limited is 12 Hope Street, Edinburgh, EH2 4DB.

The registered office of Trendy Celt (Baxter Place) Limited and Trendy Celt (Baxter Place 2) Limited is Flat 1, 14 Blenheim Crescent, London, W11 1NN.

13 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Finished goods and goods for resale	16,516	12,788	-	-

14 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Trade debtors	30,891	35,151	-	-
Corporation tax recoverable	63,573	78,246	-	-
Amounts owed by group undertakings	-	-	8,072,652	8,072,652
Amounts owed by related parties	27,146,754	28,978,905	-	-
Other debtors	669,133	195,061	-	-
Prepayments and accrued income	424,446	503,487	-	-
	<u>28,334,797</u>	<u>29,790,850</u>	<u>8,072,652</u>	<u>8,072,652</u>

CSG HOTELS AND APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

15 Creditors: amounts falling due within one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Obligations under finance leases	18	17,630	17,213	-	-
Trade creditors		256,960	204,360	-	-
Amounts due to related parties		12,292,210	10,809,058	3,924,832	3,924,832
Other taxation and social security		62,727	49,088	-	-
Other creditors		673,325	500,724	-	-
Accruals and deferred income		2,952,887	315,223	-	-
		<u>16,255,739</u>	<u>11,895,666</u>	<u>3,924,832</u>	<u>3,924,832</u>

Obligations under finance lease agreement are secured over the property to which the lease relates.

16 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Obligations under finance leases	18	23,111,468	23,129,098	-	-
Other loans	17	38,953,441	33,121,616	-	-
		<u>62,064,909</u>	<u>56,250,714</u>	<u>-</u>	<u>-</u>

Other loans are secured by standard securities, assignment of rents and a floating charge over the assets of the group.

Obligations under finance lease agreement are secured over the property to which the lease relates.

17 Loans and overdrafts

	Group 2021 £	2020 £	Company 2021 £	2020 £
Other loans	<u>38,953,441</u>	<u>33,121,616</u>	<u>-</u>	<u>-</u>
Payable after one year	<u>38,953,441</u>	<u>33,121,616</u>	<u>-</u>	<u>-</u>

Other loans stated above mature within 2 to 5 years.

CSG HOTELS AND APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

18 Finance lease obligations

	Group 2021 £	2020 £	Company 2021 £	2020 £
Future minimum lease payments due under finance leases:				
Within one year	597,757	591,838	-	-
In two to five years	2,451,403	2,427,132	-	-
In over five years	192,075,033	192,697,061	-	-
	<u>195,124,193</u>	<u>195,716,031</u>	<u>-</u>	<u>-</u>
Less: future finance charges	(171,995,095)	(172,569,720)	-	-
	<u>23,129,098</u>	<u>23,146,311</u>	<u>-</u>	<u>-</u>
Analysis of amounts due in over five years				
Repayable between five and ten years	3,204,698	3,172,968	-	-
Repayable between ten and twenty years	6,908,150	6,839,753	-	-
Repayable between twenty and fifty years	25,371,295	25,120,094	-	-
Repayable in more than fifty years	156,590,890	157,564,246	-	-
	<u>192,075,033</u>	<u>192,697,061</u>	<u>-</u>	<u>-</u>

19 Provisions for liabilities

	Group 2021 £	2020 £	Company 2021 £	2020 £
Deferred tax liabilities	20 8,556,630	4,301,569	-	-

20 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	Liabilities 2021 £	Liabilities 2020 £
Accelerated capital allowances	1,554,692	999,796
Tax losses	(1,043,308)	(300,379)
Revaluations	8,248,954	3,603,189
Other short term timing differences	(203,708)	(1,037)
	<u>8,556,630</u>	<u>4,301,569</u>

CSG HOTELS AND APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

20 Deferred taxation

(Continued)

The company has no deferred tax assets or liabilities.

	Group 2021 £	Company 2021 £
Movements in the year:		
Liability at 1 July 2020	4,301,569	-
Credit to profit and loss account	(390,704)	-
Charge to other comprehensive income	4,230,137	-
Effect of change in tax rate - other comprehensive income	415,628	-
	<u>8,556,630</u>	<u>-</u>
Liability at 30 June 2021	<u>8,556,630</u>	<u>-</u>

21 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	24,813	44,987
	<u>24,813</u>	<u>44,987</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

22 Share capital

	Group and company 2021 £	2020 £
Ordinary share capital		
Issued and fully paid		
501 A Ordinary shares of £1 each	501	501
381 B Ordinary shares of £1 each	381	381
1 C Ordinary shares of £1 each	1	1
	<u>883</u>	<u>883</u>

The rights of each class of share are detailed in the Articles of Association of the company which are available from Companies House.

CSG HOTELS AND APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

23 Reserves

Share premium

Share premium represents the cumulative excess of consideration received over the face value of shares issued by the company.

Revaluation reserve

Revaluation reserves represent the difference between the fair value and the carrying value on an historic cost basis of assets held at valuation.

Capital redemption reserve

Capital redemption reserve represents the amount by which the company's issued share capital has been diminished on the cancellation of repurchased shares.

Profit and loss reserves

Profit and loss reserves represent the total comprehensive income for the year and prior periods less dividends paid.

24 Financial commitments, guarantees and contingent liabilities

As a condition to the availability of the other loan facilities made available by Laxfield LLP to Crisp Investment Limited, CSG Baxter's Place Limited, Lateral City Limited, St Andrew Square (Property) Limited and Urbanite Investments Limited, all related to this company by virtue of common ownership (the "Related Group"), Situs Asset Management Limited (in its capacity as Security Agent) holds a floating charge over all the assets of the Company and certain fixed charges over certain assets of the Company. Under the terms of these finance documents the Related Group must meet certain financial covenants in relation to the Related Group's financial position. The Group's liability in respect of these finance documents (including pursuant to the guarantees granted under these finance documents) as at 30 June 2021 amounted to £39.3m.

CSG HOTELS AND APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

25 Operating lease commitments

Lessor

At the reporting end date the group had contracted with tenants for the following minimum lease payments:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	28,500	28,500	-	-
Between two and five years	46,381	74,881	-	-
	<u>74,881</u>	<u>103,381</u>	<u>-</u>	<u>-</u>

26 Events after the reporting date

On 23 August 2021, the company reduced its share premium account to nil, resulting in an increase to its profit and loss reserves of £4,120,946. On 24 August 2021, the company's subsidiary undertakings declared and paid dividends totalling £13m. The company then repurchased 381 B Ordinary shares of £1 each for an aggregate consideration of £15,600,000. Following the repurchase, the company cancelled these shares.

On 21 December 2021, the entire share capital of CSG Baxter's Place Limited was sold to a major investor in UK hotels. The estimated effect of this transaction was to increase the Group's net asset position by £22m.

27 Related party transactions

Remuneration of key management personnel

	2021 £	2020 £
Aggregate compensation	<u>178,309</u>	<u>152,931</u>

CSG HOTELS AND APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

27 Related party transactions

(Continued)

Transactions with related parties Group

The ultimate controlling party is Christopher Stewart.

During the year, £198 (2020: £213) was repaid by Crisp Investment Limited to Lateral City Limited. At the period end, a sum of £nil (2020: £nil) was due from Crisp Investment Limited to Lateral City Limited.

During the year, St Andrew Square (Property) Limited repaid £115,646 (2020: £64,868 advanced by) to Lateral City Limited. As at 30 June 2021 £65,669 (2020: £181,315) remained outstanding.

During the year, services of £350,000 (2020: £30,000) were provided by CSG Projects Limited to Lateral City Limited. Amounts totalling £1,141,317 (2020: £3,661,516) were advanced by CSG Projects Limited. At 30 June 2021 an amount of £2,183,447 (2020: £692,130) was due to CSG Projects Limited from Lateral City Limited.

During the year, a charge of £24,253 (2020: £214,062 made by) was made to Urbanite Investments Limited to Lateral City Limited in respect of the operating results of Old Town Chambers serviced apartments. 14 of the 50 apartments are owned by Urbanite Investments Limited. Repayment totalling £540,032 (2020: £897,522 advanced by) were made to Lateral City Limited by Urbanite Investments Limited during the period. Rent of £36,000 (2020: £28,500) was charged by Urbanite Investments Limited. At the period end, a sum of £523,847 (2020: £1,039,626) was due from Urbanite Investments Limited to Lateral City Limited.

During the year, a charge of £145,565 (2020: 263,013) was made to Lateral City Limited by FMLY Limited in respect of facilities management services and the refurbishment of Merchiston Residence. During the year, Lateral City recharged FMLY Ltd £nil (2020: £8,544) in respect of rent and £8,885 (2020: £9,672) for use of their maintenance van and associated services. As at 30 June 2021 £121,478 (2020: £129,643) remained outstanding.

During the year goods of £nil (2020: £2,903) were purchased by Lateral City Limited from Bacchus & Liber Limited. As at 30 June 2021 £nil (2020: £nil) remained outstanding.

During the year, Lateral City Limited charged rent to Devil's Advocate of £11,400 (2020: £11,400). As at 30 June 2021 £1,140 (2020: £nil) remained outstanding.

At 30 June 2021, £6,062,453 (2020: £6,062,453) was due to CSG Investments Limited from CSG Baxter's Place Holdings Limited.

At 30 June 2021, £6,000,000 (2020: £6,000,000) was due from CSG Commercial Limited to CSG Baxter's Place Holdings Limited.

At 30 June 2021, £3,260,106 (2020: £3,260,201) was due from CSG Projects Limited to CSG Baxter's Place Holdings Limited.

During the year, CSG Baxter's Place Limited was repaid £nil (2020: £431,628) by CSG Projects Limited. At the year end £4,799,212 (2020: £4,799,212) was due from CSG Projects Limited to CSG Baxter's Place Limited.

CSG HOTELS AND APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

27 Related party transactions

(Continued)

During the year, CSG Baxter's Place Limited loaned CSG Commercial Limited £nil (2020: £nil). CSG Commercial Limited repaid £nil (2020: £nil) leaving £9,026,785 (2020: £9,026,785) outstanding at the year end.

During the year, CSG Baxter's Place Limited was repaid £1,201,864 (2020: £3,178,892 advanced to) by Urbanite Investments Limited. At the year end, £3,469,997 (2020: £4,671,861) remained outstanding.

During the year, CSG Baxter's Place Limited was repaid £58,500 (2020: £58,500 advanced to) by Crisp Investment Limited. At the year end, £nil (2020: £nil) remained outstanding.

During the year, CSG Baxter's Place Limited was invoiced £877 (2020: £5,160) from FMLY Limited of which £nil (2020: £nil) was outstanding at the year end.

During the year, CSG Hotels and Apartments Limited was repaid £nil (2020: £924,293) and loaned £nil (2020: £99,833) by CSG Projects Limited. At 30 June 2021, £99,833 (2020: £99,833) was due by CSG Hotels and Apartments Limited to CSG Projects Limited.

During the year, Urbanite Investments Limited advanced £nil (2020: £3,825,000) to CSG Hotels and Apartments Limited. At 30 June 2021 £3,825,000 (2020: £3,825,000) was outstanding at the year end.

The company has taken advantage of the exemption available in FRS 102 Section 33 whereby it has not disclosed transactions with any wholly owned subsidiary undertaking of the group.

28 Cash generated from group operations

	2021 £	2020 £
Loss for the year after tax	(2,112,088)	(212,584)
Adjustments for:		
Taxation credited	(454,277)	(26,343)
Finance costs	1,959,958	2,230,066
Investment income	(8,569)	(8)
Depreciation and impairment of tangible fixed assets	1,056,968	1,105,496
Amortisation of loan arrangement fees	36,961	-
Movements in working capital:		
(Increase)/decrease in stocks	(3,728)	2,661
(Increase)/decrease in debtors	(390,771)	1,785,910
Increase/(decrease) in creditors	301,920	(1,845,140)
Cash generated from operations	386,374	3,040,058

CSG HOTELS AND APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

29 Analysis of changes in net debt - group

	1 July 2020	Cash flows	Other non-cash changes	30 June 2021
	£	£	£	£
Cash at bank and in hand	252,494	263,013	-	515,507
Other loans	(33,121,616)	(5,719,462)	(112,363)	(38,953,441)
Obligations under finance leases	(23,146,311)	17,213	-	(23,129,098)
	<u>(56,015,433)</u>	<u>(5,439,236)</u>	<u>(112,363)</u>	<u>(61,567,032)</u>