

Group Strategic Report,
Report of the Director and
Consolidated Financial Statements
for the Year Ended 31 December 2019
for
PRINCE HOTELS LIMITED

Contents of the Consolidated Financial Statements
for the year ended 31 December 2019

	Page
Company Information	1
Group Strategic Report	2
Report of the Director	4
Report of the Independent Auditors	5
Consolidated Statement of Comprehensive Income	7
Consolidated Statement of Financial Position	8
Company Statement of Financial Position	9
Consolidated Statement of Changes in Equity	10
Company Statement of Changes in Equity	11
Consolidated Statement of Cash Flows	12
Notes to the Consolidated Financial Statements	13

PRINCE HOTELS LIMITED

Company Information
for the year ended 31 December 2019

Director: P Nasser

Registered office: Prince Hotels Limited
Birmingham Road
Allesley
Coventry
West Midlands
CV5 9BA

Registered number: 02995507 (England and Wales)

Auditors: Haines Watts Birmingham LLP
5-6 Greenfield Crescent
Edgbaston
Birmingham
B15 3BE

Bankers: Lloyds Bank Plc
125 Colmore Row
Birmingham
B3 2SF

Group Strategic Report
for the year ended 31 December 2019

The director presents his strategic report of the company and the group for the year ended 31 December 2019.

This report aims to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. The review is consistent with the size and non-complex nature of the business and is written in the context of the risks and uncertainties we face.

Review of business

The group consists of two trading companies. The parent company, Prince Hotels Limited, operates three hotels in the Midlands region of the UK. The subsidiary company, Prince Hotels GmbH, operates two hotels in the Frankfurt area of Germany.

As for many businesses of our size, the business environment in which we operate continues to be challenging. The hotel market, both in the UK and in Germany, is highly competitive and margins continue to be challenged. We are of course also subject to consumer spending patterns and consumers' overall level of disposable income within the respective local and national economies.

The key performance indicators are considered to be those that communicate the financial performance and strength of the company and group as a whole, being turnover, gross margin, operating profit and EBITDA (earnings before interest, tax, depreciation and amortisation).

Challenging trading conditions in the year meant that Group turnover decreased to £7.5m in 2019 from £8.1m in 2018 - a reduction of £620k (7.7%). This is made up of a decrease in turnover in the UK of £389k (8.5%) and a decrease in turnover in Germany of £231k (6.6%).

The reduction in turnover resulted in the group's gross profit falling to £3.7m in 2019 from £4.2m in 2018. The gross profit margin for the year was 49.2% (2018: 52.0%).

At the same time, the Group's operating costs increased in 2019, largely due to planned increased spend on property refurbishments in line with the Group's commitment to ongoing improvement of its facilities. Revenue expenditure together with capitalised costs of improvements was £1.1m in 2019 (2018: £0.7m).

The Group's operating profit for the year was £0.7m (2018: £1.4m), whilst the Group's EBITDA for the year was £1.0m (2018: £1.7m).

It should be noted that for the purposes of preparing the Group's consolidated financial statements, the results of the subsidiary company are translated from Euros to Pounds Sterling at the average rate of exchange for the year. The translated results of the subsidiary are therefore negatively impacted in 2019 by a weakened Pound compared to the prior year.

The Group's net profit after tax for the year was £0.5m (2018: £1.1m). Dividends totalling £219k were paid in the year meaning £0.3m was retained and added to reserves. Again due to the weakened exchange rate, however, retranslation of the subsidiary company's reserves resulted in unrealised exchange losses of £0.3m. The Group's consolidated total equity at 31 December 2019 was therefore static at £11.0m (2018: £11.0m).

In 2019, the Group continued to reduce its gearing, paying down bank borrowings which stood at £448k at the beginning of the year to £150k by the end of the year, as detailed in notes 19 and 20 to the financial statements. At the end of the next financial year the company is expected to be trading without any bank borrowings and all charges over the properties will be satisfied.

Group Strategic Report
for the year ended 31 December 2019

Principal risks and uncertainties

The risks facing the company and its subsidiary undertaking are assessed on an ongoing basis. The director evaluates the likelihood and potential impact of each of the risks and ensure appropriate action is taken to mitigate it.

A number of key risks such as credit and cash flow management, liquidity, foreign currency risk, health and safety and regulatory compliance come under the direct control of the director.

Impact of COVID-19

As for all businesses in the hotel and travel industry, 2020 has brought about significant challenges as we have had to adapt to events outside of our control relating to the COVID-19 pandemic. In the UK, during the period of lockdown and enforced temporary hotel closures, we utilised all available government support through the Coronavirus Job Retention Scheme, rates relief and deferral of VAT payments. This enabled us to carefully manage cash flow requirements and ensure the business was in a strong position to recommence operations when able to do so. Since our hotels have reopened in July, we have ensured additional measures have been put in place to follow government guidance on social distancing to ensure the health and safety of our staff and guests. Similarly in Germany, whilst our hotels were closed for a shorter period of time, all available government support has been utilised. Although business may take some time to return to usual levels, we are pleased to see encouraging occupancy rates and, whilst the possibility of further local lockdowns means that all in the industry continue to face some element of uncertainty, we feel the business is in a strong position to cope with any challenges which may arise.

Future developments

The success and prosperity of our business and our industry is closely linked to the economies of the areas in which we operate. Notwithstanding some uncertainty due to the emerging impact of COVID-19, which will be monitored very closely, we consider the underlying outlook for the group to be very positive. In the UK, Coventry has been awarded the UK City of Culture for 2021; Birmingham continues to see significant development and investment as it looks ahead to hosting the Commonwealth Games in 2022; and Stoke is earmarked for significant regeneration funding. In Germany, our hotels are situated near Frankfurt Airport, Germany's largest airport, which continues with its expansion plans and the construction of a third terminal by 2023.

The group continues with its refurbishment programme in all of its properties in order to continually improve facilities and enhance guest experience.

On behalf of the board:

P Nasser - Director

24 August 2020

Report of the Director
for the year ended 31 December 2019

The director presents his report with the financial statements of the company and the group for the year ended 31 December 2019.

Principal activity

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

Dividends

The total distribution of dividends for the year ended 31 December 2019 was £218,907.

Events since the end of the year

Information relating to events since the end of the year is given in the notes to the financial statements.

Director

P Nasser held office during the whole of the period from 1 January 2019 to the date of this report.

Going concern

The director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the director continues to adopt the going concern basis in preparing the financial statements.

Statement of director's responsibilities

The director is responsible for preparing the Group Strategic Report, the Report of the Director 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 the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement as to disclosure of information to auditors

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and 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 group's auditors are aware of that information.

Auditors

Haines Watts Birmingham LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

On behalf of the board:

P Nasser - Director

24 August 2020

Report of the Independent Auditors to the Members of
Prince Hotels Limited

Opinion

We have audited the financial statements of Prince Hotels Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

The impact of uncertainties on our audit owing to COVID-19

The Director's view on the impact of COVID-19 is disclosed in the Strategic Report on page 2, in the Accounting Policies on page 13, and in the Post Balance Sheet Events note on page 25.

Uncertainties related to the effects of COVID-19 are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the Directors, such as recoverability and valuation of assets, appropriateness of the going concern basis of preparation of the financial statements and associated disclosures. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

The COVID-19 viral pandemic is one of the most significant economic events for the UK, and at the date of this report, its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We have applied a standardised approach in response to that uncertainty when considering the Director's assessment of the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to the COVID-19 pandemic.

Other information

The director is responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report of the Independent Auditors to the Members of
Prince Hotels Limited

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Director have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Director.

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

- adequate accounting records have not been kept 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on page four, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the group's and the 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 the director either intends to liquidate the group or the parent company or to cease operations, or has no realistic alternative but to do so.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.

Kevin Hodgetts (Senior Statutory Auditor)
for and on behalf of Haines Watts Birmingham LLP
5-6 Greenfield Crescent
Edgbaston
Birmingham
B15 3BE

9 September 2020

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2019

	Notes	2019 £	2018 £
Turnover	4	7,470,725	8,090,907
Cost of sales		<u>(3,799,212)</u>	<u>(3,887,395)</u>
Gross profit		3,671,513	4,203,512
Foreign exchange (loss)/gain		(32,206)	(4,422)
Administrative expenses		<u>(3,023,369)</u>	<u>(2,898,655)</u>
		615,938	1,300,435
Other operating income	5	<u>68,047</u>	<u>115,475</u>
Operating profit	8	683,985	1,415,910
Income from fixed asset investments		674	683
Interest receivable and similar income		<u>56,554</u>	<u>112,309</u>
		741,213	1,528,902
Interest payable and similar expenses	9	<u>(16,000)</u>	<u>(35,350)</u>
Profit before taxation		725,213	1,493,552
Tax on profit	10	<u>(174,969)</u>	<u>(380,452)</u>
Profit for the financial year		550,244	1,113,100
Other comprehensive income			
Retranslation of subsidiary's net assets		(293,434)	88,883
Income tax relating to other comprehensive income		-	-
Other comprehensive income for the year, net of income tax		<u>(293,434)</u>	<u>88,883</u>
Total comprehensive income for the year		<u>256,810</u>	<u>1,201,983</u>
Profit attributable to:			
Owners of the parent		502,385	1,034,508
Non-controlling interests		<u>47,859</u>	<u>78,592</u>
		550,244	1,113,100
Total comprehensive income attributable to:			
Owners of the parent		208,951	1,123,391
Non-controlling interests		<u>47,859</u>	<u>78,592</u>
		<u>256,810</u>	<u>1,201,983</u>

The notes form part of these financial statements

PRINCE HOTELS LIMITED (REGISTERED NUMBER: 02995507)

Consolidated Statement of Financial Position
31 December 2019

	Notes	£	2019 £	£	2018 £
Fixed assets					
Intangible assets	13		32,917		57,967
Tangible assets	14		10,138,317		10,225,415
Investments	15		6,573		6,943
Investment property	16		-		350,000
			10,177,807		10,640,325
Current assets					
Stocks	17	60,645		57,301	
Debtors	18	1,792,787		1,886,935	
Cash at bank and in hand		154,258		145,346	
		2,007,690		2,089,582	
Creditors					
Amounts falling due within one year	19	998,481		1,374,000	
Net current assets			1,009,209		715,582
Total assets less current liabilities			11,187,016		11,355,907
Creditors					
Amounts falling due after more than one year	20		-		(259,204)
Provisions for liabilities	24		(139,963)		(87,553)
Net assets			11,047,053		11,009,150
Capital and reserves					
Called up share capital	25		100		100
Revaluation reserve	26		1,100,253		1,122,707
Foreign currency translation reserve	26		1,223,443		1,516,877
Retained earnings	26		8,005,253		7,699,321
Shareholders' funds			10,329,049		10,339,005
Non-controlling interests			718,004		670,145
Total equity			11,047,053		11,009,150

The financial statements were approved by the director and authorised for issue on 24 August 2020 and were signed by:

P Nasser - Director

PRINCE HOTELS LIMITED (REGISTERED NUMBER: 02995507)

Company Statement of Financial Position
31 December 2019

	Notes	£	2019 £	£	2018 £
Fixed assets					
Intangible assets	13		32,917		57,967
Tangible assets	14		5,511,758		5,372,784
Investments	15		12,836		12,836
Investment property	16		-		350,000
			5,557,511		5,793,587
Current assets					
Stocks	17	32,885		29,495	
Debtors	18	5,601,144		5,678,302	
Cash at bank and in hand		135,358		136,021	
		5,769,387		5,843,818	
Creditors					
Amounts falling due within one year	19	681,749		1,038,526	
Net current assets			5,087,638		4,805,292
Total assets less current liabilities			10,645,149		10,598,879
Provisions for liabilities	24		139,963		87,553
Net assets			10,505,186		10,511,326
Capital and reserves					
Called up share capital	25		100		100
Revaluation reserve	26		1,100,253		1,122,707
Retained earnings	26		9,404,833		9,388,519
Shareholders' funds			10,505,186		10,511,326
Company's profit for the financial year			212,767		860,372

The financial statements were approved by the director and authorised for issue on 24 August 2020 and were signed by:

P Nasser - Director

The notes form part of these financial statements

Consolidated Statement of Changes in Equity
for the year ended 31 December 2019

	Called up share capital £	Retained earnings £	Revaluation reserve £
Balance at 1 January 2018	100	6,800,890	1,145,619
Changes in equity			
Dividends	-	(158,989)	-
Total comprehensive income	-	1,057,420	(22,912)
Balance at 31 December 2018	100	7,699,321	1,122,707
Changes in equity			
Dividends	-	(218,907)	-
Total comprehensive income	-	524,839	(22,454)
Balance at 31 December 2019	100	8,005,253	1,100,253

	Foreign currency translation reserve £	Total £	Non-controlling interests £	Total equity £
Balance at 1 January 2018	1,427,994	9,374,603	591,553	9,966,156
Changes in equity				
Dividends	-	(158,989)	-	(158,989)
Total comprehensive income	88,883	1,123,391	78,592	1,201,983
Balance at 31 December 2018	1,516,877	10,339,005	670,145	11,009,150
Changes in equity				
Dividends	-	(218,907)	-	(218,907)
Total comprehensive income	(293,434)	208,951	47,859	256,810
Balance at 31 December 2019	1,223,443	10,329,049	718,004	11,047,053

Company Statement of Changes in Equity
for the year ended 31 December 2019

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 January 2018	100	8,664,224	1,145,619	9,809,943
Changes in equity				
Dividends	-	(158,989)	-	(158,989)
Total comprehensive income	-	883,284	(22,912)	860,372
Balance at 31 December 2018	<u>100</u>	<u>9,388,519</u>	<u>1,122,707</u>	<u>10,511,326</u>
Changes in equity				
Dividends	-	(218,907)	-	(218,907)
Total comprehensive income	-	235,221	(22,454)	212,767
Balance at 31 December 2019	<u>100</u>	<u>9,404,833</u>	<u>1,100,253</u>	<u>10,505,186</u>

The notes form part of these financial statements

PRINCE HOTELS LIMITED (REGISTERED NUMBER: 02995507)

**Consolidated Statement of Cash Flows
for the year ended 31 December 2019**

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	29	955,001	1,584,461
Interest paid		(13,751)	(31,410)
Finance costs paid		(2,249)	(3,940)
Tax paid		(364,086)	(771,149)
Net cash from operating activities		<u>574,915</u>	<u>777,962</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(503,104)	(237,765)
Sale of investment property		375,000	-
Interest received		56,554	83,955
Dividends received		674	683
Net cash from investing activities		<u>(70,876)</u>	<u>(153,127)</u>
Cash flows from financing activities			
Loan repayments in year		(278,361)	(661,326)
Amount introduced by directors		221,412	164,020
Amount withdrawn by directors		(219,271)	(159,671)
Equity dividends paid		(218,907)	(158,989)
Net cash from financing activities		<u>(495,127)</u>	<u>(815,966)</u>
Increase/(decrease) in cash and cash equivalents		<u>8,912</u>	<u>(191,131)</u>
Cash and cash equivalents at beginning of year	30	145,346	336,477
Cash and cash equivalents at end of year	30	<u>154,258</u>	<u>145,346</u>

The notes form part of these financial statements

Notes to the Consolidated Financial Statements
for the year ended 31 December 2019

1. **Statutory information**

Prince Hotels Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. **Statement of compliance**

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

3. **Accounting policies**

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

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

Going concern

The director continues to adopt the going concern basis in preparing the financial statements as he believes the company has adequate resources and support to continue in operational existence for the foreseeable future. In making this assessment the director considers a period of at least 12 months from the date of approval of these financial statements.

The impact of COVID-19

In response to the COVID-19 pandemic, the director has further considered the cash flow projections to take into account the impact on the business of possible scenarios brought on by the impact of COVID-19, alongside the measures that he can take to mitigate the impact. Based on these assessments, and given the measures that could be undertaken to mitigate the current adverse conditions, together with the current resources available, the director has concluded that the company can continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and any goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively.

The financial statements of foreign operations have been translated into the parent company's presentation currency as per FRS 102: Foreign Currency Retranslation. Under this method, assets and liabilities are translated at the closing rate at the end of the reporting period while income and expenses are translated at the exchange rates at the date of transactions. For this purpose, the average rate of exchange for the accounting period has been used. Exchange differences resulting from the translation of financial statements of foreign operations functional currency to presentation currency are recognised in other comprehensive income.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Income from room lettings is recognised by reference to the room reservation date. Deposits or payments in full for advance bookings are treated as deferred income.

Goodwill

Goodwill, which represents the excess of cost of acquisitions of businesses over the value attributed to the net assets, is amortised through the profit and loss account by equal annual installments over its useful economic life. Goodwill previously eliminated against reserves has not been reinstated and will be charged to the profit and loss account on the subsequent disposal of any business to which it related.

Amortisation

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

Goodwill - 20 years

3. **Accounting policies - continued**

Tangible fixed assets

All fixed assets are initially recorded at cost. Freehold and leasehold property is subsequently stated at valuation.

Depreciation

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

Freehold property	-	2% - 20% straight line
Leasehold property	-	2% straight line
Fixtures & fittings	-	10% straight line
Computer equipment	-	25% straight line

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Investment property

All investment properties are held at fair value with subsequent gains or losses recognised in profit and loss.

This is in accordance with FRS 102 which, unlike the Companies Act 2006, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by company and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view.

Stocks

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

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the average rate for the period. Exchange differences are taken into account in arriving at the operating profit.

Operating lease agreements

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

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2019

3. **Accounting policies - continued**

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

4. **Turnover**

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	2019	2018
	£	£
United Kingdom	4,208,147	4,596,697
Europe	3,262,578	3,494,210
	<u>7,470,725</u>	<u>8,090,907</u>

5. **Other operating income**

	2019	2018
	£	£
Rents received	20,744	69,679
Other operating income	47,303	45,796
	<u>68,047</u>	<u>115,475</u>

6. **Employees and directors**

	2019	2018
	£	£
Wages and salaries	2,400,738	2,430,201
Social security costs	296,214	273,723
Other pension costs	14,979	8,949
	<u>2,711,931</u>	<u>2,712,873</u>

The average number of employees during the year was as follows:

	2019	2018
Production staff	145	147
Administrative staff	8	8
Management staff	11	11
	<u>164</u>	<u>166</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2019

7. Directors' emoluments		
	2019	2018
	£	£
Director's remuneration	<u>19,629</u>	<u>14,990</u>
8. Operating profit		
The operating profit is stated after charging/(crediting):		
	2019	2018
	£	£
Hire of plant and machinery	30,567	29,975
Depreciation - owned assets	330,920	312,277
Profit on disposal of fixed assets	(25,000)	-
Goodwill amortisation	25,050	25,050
Auditors' remuneration	11,500	11,500
Auditors' remuneration - other fees	<u>8,710</u>	<u>26,630</u>
9. Interest payable and similar expenses		
	2019	2018
	£	£
Interest payable on bank borrowings	13,751	30,532
Interest payable on late Corporation Tax payments	-	878
Other similar charges payable	<u>2,249</u>	<u>3,940</u>
	<u>16,000</u>	<u>35,350</u>
10. Taxation		
Analysis of the tax charge		
The tax charge on the profit for the year was as follows:		
	2019	2018
	£	£
Current tax:		
UK corporation tax	122,559	341,253
(Over)/under provision in prior year	-	206,601
Total current tax	<u>122,559</u>	<u>547,854</u>
Deferred tax	<u>52,410</u>	<u>(167,402)</u>
Tax on profit	<u>174,969</u>	<u>380,452</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2019

10. **Taxation - continued**

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
Profit before tax	<u>725,213</u>	<u>1,493,552</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	137,790	283,775
Effects of:		
Expenses not deductible for tax purposes	20,811	6,408
Income not taxable for tax purposes	(128)	15,245
Capital allowances in excess of depreciation	(45,471)	-
Depreciation in excess of capital allowances	-	19,105
Adjustments to tax charge in respect of previous periods	22,159	206,601
Unrealised foreign exchange loss/(gain) not taxable	5,438	(14,059)
Foreign tax	-	134,579
Profit on disposal of fixed assets	(4,750)	-
Double tax relief	(13,290)	(103,800)
Deferred tax movement	52,410	(167,402)
Total tax charge	<u>174,969</u>	<u>380,452</u>

Tax effects relating to effects of other comprehensive income

	Gross £	Tax £	2019 Net £
Retranslation of subsidiary's net assets	<u>(293,434)</u>	<u>-</u>	<u>(293,434)</u>
	Gross £	Tax £	2018 Net £
Retranslation of subsidiary's net assets	<u>88,883</u>	<u>-</u>	<u>88,883</u>

11. **Individual statement of comprehensive income**

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

12. **Dividends**

	2019 £	2018 £
Ordinary shares of £1 each		
Interim	<u>218,907</u>	<u>158,989</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2019

13. Intangible fixed assets

Group

Goodwill
£

Cost

At 1 January 2019
and 31 December 2019

501,000

Amortisation

At 1 January 2019
Amortisation for year
At 31 December 2019

443,033

25,050

468,083

Net book value

At 31 December 2019
At 31 December 2018

32,917

57,967

Company

Goodwill
£

Cost

At 1 January 2019
and 31 December 2019

501,000

Amortisation

At 1 January 2019
Amortisation for year
At 31 December 2019

443,033

25,050

468,083

Net book value

At 31 December 2019
At 31 December 2018

32,917

57,967

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2019

14. **Tangible fixed assets****Group**

	Freehold property £	Long leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
Cost					
At 1 January 2019	11,443,044	672,879	4,558,196	32,731	16,706,850
Additions	151,767	29,188	322,149	-	503,104
Exchange differences	(277,744)	-	(28,854)	(1,743)	(308,341)
At 31 December 2019	11,317,067	702,067	4,851,491	30,988	16,901,613
Depreciation					
At 1 January 2019	2,157,183	165,011	4,129,751	29,490	6,481,435
Charge for year	166,749	13,749	147,636	2,786	330,920
Exchange differences	(27,911)	-	(19,507)	(1,641)	(49,059)
At 31 December 2019	2,296,021	178,760	4,257,880	30,635	6,763,296
Net book value					
At 31 December 2019	9,021,046	523,307	593,611	353	10,138,317
At 31 December 2018	9,285,861	507,868	428,445	3,241	10,225,415

The last professional valuation of the company's UK freehold and leasehold properties was carried out in 2005 and adopted in the company's financial statements as at 30 November 2005. Subsequent valuations have been a director's valuation. The director reviews the carrying value of the properties annually for impairment and is satisfied that there should be no impairment provision as at 31 December 2019.

Included in the net book value of £10,138,317 (2018: £10,225,415), are non-depreciable assets of £3,174,815 (2018: £3,174,815).

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows:

Group and Company

	£	£	2019	2018
Historical cost			6,040,319	6,040,319
Depreciation:				
At 1 January 2019			2,017,358	1,897,758
Charge for the year			119,600	119,600
At 31 December 2019			2,136,958	2,017,358
Net historical cost value				
At 31 December 2019			3,903,361	4,022,961
At 31 December 2018			4,022,961	4,142,561

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2019

14. **Tangible fixed assets - continued**

Company

	Freehold property £	Long leasehold £	Fixtures and fittings £	Totals £
Cost				
At 1 January 2019	6,227,956	672,879	4,091,970	10,992,805
Additions	151,767	29,188	208,265	389,220
At 31 December 2019	6,379,723	702,067	4,300,235	11,382,025
Depreciation				
At 1 January 2019	1,653,690	165,011	3,801,320	5,620,021
Charge for year	123,594	13,749	112,903	250,246
At 31 December 2019	1,777,284	178,760	3,914,223	5,870,267
Net book value				
At 31 December 2019	4,602,439	523,307	386,012	5,511,758
At 31 December 2018	4,574,266	507,868	290,650	5,372,784

The director reviews the carrying value of the properties annually for impairment and is satisfied that there should be no impairment provision as at 31 December 2019.

Included in the net book value of £5,511,758 (2018: £5,372,784), is non-depreciable land of £200,000 (2018: £200,000).

15. **Fixed asset investments**

Group

	Unlisted investments £
Cost	
At 1 January 2019	6,943
Exchange differences	(370)
At 31 December 2019	6,573
Net book value	
At 31 December 2019	6,573
At 31 December 2018	6,943
Company	
	Shares in group undertakings £
Cost	
At 1 January 2019 and 31 December 2019	12,836
Net book value	
At 31 December 2019	12,836
At 31 December 2018	12,836

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2019

15. **Fixed asset investments - continued**

The shares in group undertakings represent shares in Prince Hotels (Frankfurt) GmbH (trading - hotelier) and Prince Hotels (Europe) GmbH (dormant) both of which are included in the consolidation.

The company owns 76% of the two companies; the remaining 24% is held by Prince Nasser. Both companies are incorporated and registered in Germany.

16. **Investment property**

Group

	Total £
Fair value	
At 1 January 2019	350,000
Disposals	(350,000)
At 31 December 2019	-
Net book value	
At 31 December 2019	-
At 31 December 2018	350,000

The investment property was sold during the year for £375,000.

Company

	Total £
Fair value	
At 1 January 2019	350,000
Disposals	(350,000)
At 31 December 2019	-
Net book value	
At 31 December 2019	-
At 31 December 2018	350,000

17. **Stocks**

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Stocks	60,645	57,301	32,885	29,495

18. **Debtors**

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	217,521	249,345	19,085	24,825
Other debtors	181,079	187,248	2,500	200
Prepayments and accrued income	81,381	71,388	66,746	67,784
	479,981	507,981	88,331	92,809

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2019

18. Debtors - continued

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	4,767,496	4,924,223
Amounts owed by related undertakings	745,317	661,270	745,317	661,270
Other debtors	567,489	717,684	-	-
	<u>1,312,806</u>	<u>1,378,954</u>	<u>5,512,813</u>	<u>5,585,493</u>
Aggregate amounts	<u>1,792,787</u>	<u>1,886,935</u>	<u>5,601,144</u>	<u>5,678,302</u>

Amounts owed by related undertakings is a loan to 3P Investments GmbH, a company under the common control of Prince Nasser (see note 27 - related party transactions). Further sums have been advanced during the year in order to support the company whilst it awaits the outcome of a legal dispute. No further sums have been advanced and the company has since ceased to trade. The director has assessed the recoverability of the debt and does not consider that any impairment provision is necessary in these financial statements.

19. Creditors: amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans and overdrafts (see note 21)	149,846	188,542	-	165,266
Trade creditors	433,233	511,153	292,181	367,226
Corporation tax	26,158	268,717	60,400	207,761
CT61 tax creditor	365	682	365	682
Social security and other taxes	13,133	26,701	13,133	16,327
VAT	85,601	166,291	123,683	153,796
Other creditors	52,414	22,738	23,558	18,875
Directors' loan accounts	59,868	57,727	59,868	57,727
Accruals and deferred income	177,863	131,449	108,561	50,866
	<u>998,481</u>	<u>1,374,000</u>	<u>681,749</u>	<u>1,038,526</u>

20. Creditors: amounts falling due after more than one year

	Group	
	2019	2018
	£	£
Bank loans (see note 21)	<u>-</u>	<u>259,204</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2019

21. **Loans**

An analysis of the maturity of loans is given below:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	<u>149,846</u>	<u>188,542</u>	<u>-</u>	<u>165,266</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>-</u>	<u>24,539</u>	<u>-</u>	<u>-</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>-</u>	<u>82,031</u>	<u>-</u>	<u>-</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans more 5 yr by instal	<u>-</u>	<u>152,634</u>	<u>-</u>	<u>-</u>

22. **Leasing agreements**

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	20,551	19,527
Between one and five years	20,851	14,072
	<u>41,402</u>	<u>33,599</u>

Company

	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	1,869	3,565
Between one and five years	2,025	935
	<u>3,894</u>	<u>4,500</u>

23. **Secured debts**

The following secured debts are included within creditors:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans	<u>149,846</u>	<u>447,746</u>	<u>-</u>	<u>165,266</u>

The bank loans and overdrafts are secured by a fixed and floating charge over one property.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2019

24. Provisions for liabilities

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Deferred tax				
Accelerated capital allowances	<u>139,963</u>	<u>87,553</u>	<u>139,963</u>	<u>87,553</u>

Group

	Deferred tax
	£
Balance at 1 January 2019	87,553
Charge to Statement of Comprehensive Income during year	<u>52,410</u>
Balance at 31 December 2019	<u>139,963</u>

Company

	Deferred tax
	£
Balance at 1 January 2019	87,553
Charge to Statement of Comprehensive Income during year	<u>52,410</u>
Balance at 31 December 2019	<u>139,963</u>

25. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019	2018
			£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

26. Reserves

Group

	Retained earnings	Revaluation reserve	Foreign currency translation reserve	Totals
	£	£	£	£
At 1 January 2019	7,699,321	1,122,707	1,516,877	10,338,905
Profit for the year	502,385			502,385
Dividends	(218,907)			(218,907)
Exchange differences on retranslation of net assets of subsidiary undertakings	-	-	(293,434)	(293,434)
Transfer to/from revaluation reserve	22,454	(22,454)	-	-
At 31 December 2019	<u>8,005,253</u>	<u>1,100,253</u>	<u>1,223,443</u>	<u>10,328,949</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2019

26. **Reserves - continued****Company**

	Retained earnings £	Revaluation reserve £	Totals £
At 1 January 2019	9,388,519	1,122,707	10,511,226
Profit for the year	212,767		212,767
Dividends	(218,907)		(218,907)
Transfer to/from revaluation reserve	22,454	(22,454)	-
At 31 December 2019	9,404,833	1,100,253	10,505,086

27. **Related party disclosures**

The company was under the control of Prince Nasser throughout the current and previous year. Prince Nasser is the sole shareholder. During the year the company entered into the following transactions with related parties:

Prince Nasser

Throughout the year a loan existed between the company and Prince Nasser. At the year end the balance outstanding due from the company was £59,868 (2018: £57,727) and is included in creditors falling due within one year.

3P Investments GmbH (a company under the common control of Prince Nasser)

In October 2008 the company made a loan to 3P Investments GmbH of 640,000 Euros. Interest of 9.5% per annum is charged on the capital amount outstanding. During 2018 an additional amount was advanced of 301,573 Euros and during 2019 an additional amount was advanced of £139,485. At the year end the amount outstanding was £745,317 (2018: £661,270) and this amount is included in other debtors - amounts owed to related undertakings. The loan is translated at the year-end rate.

Key management personnel compensation in the year totalled £199,878 (2018: £171,375).

28. **Post balance sheet events**

At the time of approval of these financial statements, the COVID-19 viral pandemic is one of the most significant economic events for the UK and the wider world. For entities with a year end 31 December 2019 or earlier, the emerging impact of COVID-19 in the post balance sheet period is viewed under UK accounting principles as a non-adjusting post balance sheet event. The director is required, however, to consider the impact on the business in the post balance sheet period and on the outlook for the foreseeable future in terms of his confirmation of the going concern assumption as the appropriate basis for preparation of the accounts. Further details of the director's view of the impact of COVID-19 are given in the Accounting Policies.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2019

29. Reconciliation of profit before taxation to cash generated from operations

	2019	2018
	£	£
Profit before taxation	725,213	1,493,552
Depreciation charges	355,972	337,329
Profit on disposal of fixed assets	(25,000)	-
(Gain)/loss on foreign exchange on debt	(204,201)	13,190
Finance costs	16,000	35,350
Finance income	(57,228)	(112,992)
	<u>810,756</u>	<u>1,766,429</u>
(Increase)/decrease in stocks	(3,344)	1,608
Decrease/(increase) in trade and other debtors	94,148	(112,133)
Increase/(decrease) in trade and other creditors	53,441	(71,443)
Cash generated from operations	<u>955,001</u>	<u>1,584,461</u>

30. Cash and cash equivalents

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2019

	31/12/19	1/1/19
	£	£
Cash and cash equivalents	<u>154,258</u>	<u>145,346</u>

Year ended 31 December 2018

	31/12/18	1/1/18
	£	£
Cash and cash equivalents	<u>145,346</u>	<u>336,477</u>

31. Analysis of changes in net debt

	At 1/1/19	Cash flow	At 31/12/19
	£	£	£
Net cash			
Cash at bank and in hand	<u>145,346</u>	<u>8,912</u>	<u>154,258</u>
	<u>145,346</u>	<u>8,912</u>	<u>154,258</u>
Debt			
Debts falling due within 1 year	(188,542)	38,696	(149,846)
Debts falling due after 1 year	(259,204)	259,204	-
	<u>(447,746)</u>	<u>297,900</u>	<u>(149,846)</u>
Total	<u>(302,400)</u>	<u>306,812</u>	<u>4,412</u>

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