

Claridge's Hotel Limited

Annual reports and financial statements

For the year ended 31 December 2021

Registered number: 00029022

MACFARLANES LLP
20 CURSITOR STREET
LONDON
EC4A 1LT

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COMPANIES HOUSE

Claridge's Hotel Limited

<i>Contents</i>	<i>Page</i>
Directors and other information	1
Strategic report	2
Directors' report	5
Statement of directors' responsibilities	9
Independent auditor's report	10
Statement of comprehensive income	14
Balance sheet	15
Statement of changes in equity	16
Notes to the financial statements	17

Claridge's Hotel Limited

Registered number: 29022

Directors and other information

Board of Directors

Nasir Pasha
Marc Socker
Jeremy Cape

Registered office

27 Knightsbridge
London
SW1X 7LY

Auditor

Deloitte LLP
1 New Street Square
London
EC4A 1HQ

Bankers

Barclays Bank
1 Churchill Place
London
E14 5HP

Solicitors

MacFarlanes LLP
10 Norwich Street
London
EC4A 1BD

Registered number

00029022

Claridge's Hotel Limited

Registered number: 29022

Strategic report

The directors present their report and the audited financial statements for the year ended 31 December 2021.

Principal activity

The main activity of Claridge's Hotel Limited ('the Company') continues to be the ownership and operation of Claridge's Hotel, London, a five star hotel in the United Kingdom.

Business review

The company's KPI's are turnover and profit/ loss. The Company recorded turnover of £40.3 million (2020: £13.4 million) in the year ended 31 December 2021 which represents an increase of 66.75% (2020: decrease of 76.34%) compared to the previous year. The hotel continued to be impacted by travel restrictions in the first half of 2021. Details of closure of Claridge's Hotel are contained in principal risks and uncertainties noted below.

The Company recorded an operating loss of £9.3 million in the year to 31 December 2021 (2020: operating profit of £22.0 million).

Throughout 2021 the Claridge's development project continued at a great pace, unveiling the new L'Epicerie kitchen, home to a new chef's table, Claridge's Wine Cellar and The Painter's Room, which attracted global attention in collaboration with artist Annie Morris as the first new bar at Claridge's in over 20 years and carefully restored ballroom and event space. Claridge's first ever Cocktail Book was launched in October 2021 with the hotel's first 'bar crawl' a much acclaimed event, which was the perfect opportunity to highlight the bars and focus attention on Claridge's as the place to order a cocktail in the capital. Claridge's Art Space was also launched with a party in October during Frieze Art Fair with an exhibition by Damien Hirst and received global headlines as the first hotel in the world with its own dedicated art gallery. Claridge's underground project won the prestigious Geotechnical Engineering Award 2021. A major refurbishment campaign across guest rooms and suites continues across the hotel and ensures the hotel is in a prime position as international business starts to return to London, following all travel restrictions being lifted. The Company spent £70.9 million (2020: £65.5 million) on these works during the year. As at the balance sheet date, the Company is committed to development projects of £79m and the project is expected to complete by Q1 2023. Claridge's Penthouse and top floor rooms will be completed by Q1 2023.

Principal risks and uncertainties

The directors consider that the following are the principal risk factors that could materially and adversely affect the Company's future operating profits or financial position.

COVID-19

The directors consider that in the short term, the biggest financial and operational risk facing the Group is the one posed by the continued impact of COVID-19 pandemic and supply chain constraints linked to both pandemic and war in Ukraine. Measures taken by various governments worldwide, including the UK government, to contain the spread of the virus have severely affected the performance of the hotel between March 2020 and June 2021, through both the closure of Claridge's Hotel from 24 March 2020 to 7 September 2020 and guided COVID-19 restrictions in place for the remainder of the period. We have however seen solid recovery in the months of August to December. The travel and leisure markets have slowly recovered with the hotel achieving record level ADR in October and November 2021. In the interim, the directors and management of the Group are working very closely with third parties and ownership to secure sufficient liquidity to meet its obligations, and renegotiating contractual arrangements. The directors are confident such liquidity is secured, predominantly as a result of the continued financial

Claridge's Hotel Limited

Registered number: 29022

Strategic report (continued)

COVID-19 (continued)

support from the Group's ultimate parent company Regis Investments S.A. and the group's ultimate beneficial owner.

General economic risk – the Company is exposed to general economic risk, including changes in the economic outlook in the hotel and leisure industry. Inevitably the biggest source of financial uncertainty in 2022 is expected to be the prolonged impact of the COVID-19 pandemic and worldwide impact of the war in Ukraine and the financial and economic uncertainty that these bring. The Company is also exposed to the risk of future government changes in industrial, fiscal, monetary or regulatory policies. Claridge's Hotel Limited has an effective revenue strategy charging its customers rates that vary depending on levels of demand. This reduces, though does not eliminate, the financial impact arising from such adverse conditions.

Brexit risk – The result of the EU referendum in the UK has led to a further degree of uncertainty over global economic conditions and forecasts, particularly around free movement and visa requirements. Until the position is clearer the directors will not know how the business will be affected, if at all. However, the directors shall continue to monitor the risks.

Liquidity risk – The ultimate parent company maintains cash flow and covenant compliance forecasts in order to ensure the Group and the Company are able to meet its liabilities as they fall due. The directors continue to monitor the situation and are confident such liquidity is secured, predominantly as a result of the continued financial support from the Company's ultimate parent company Regis Investments S.A and the Company's ultimate beneficial owner, His Highness Sheikh Hamad Bin Khalifa Al-Thani.

Reputation risk – related to hotel prestige and social media, health and safety and customer loyalty. The risk is mitigated by the Company via various measures to provide a bespoke customer service, adhering to all health and safety regulations, acting within the scope of Modern Slavery Act 2015, money laundering and anti-bribery regulations.

Section 172(1) statement

Information required under s172(1) of the Companies Act 2006 which is not documented below is shown within the 'Business review' and 'Principal risks and uncertainties' sections of the Strategic Report.

During the year, the Directors have had regard to the matters set out in s172(1) (a) to (f) of the Companies Act 2006 when performing their duties. Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole.

Section 172 requires directors to have regard to, amongst other matters, the: a) likely consequences of any decisions in the long-term, b) interests of the company's employees; c) need to foster the company's business relationships with suppliers, customers and others, d) impact of the company's operations on the community and environment, e) desirability of the company maintaining a reputation for high standards of business conduct; and f) need to act fairly as between members of the company.

Claridge's Hotel Limited

Registered number: 29022

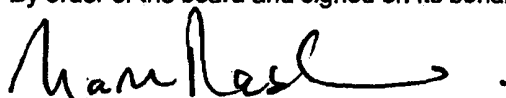
Strategic report (continued)

Section 172(1) statement

In discharging our section 172 duties we have regard to the matters set out above. In addition, we also have regard to other factors which we consider relevant to the decision being made. We set out below examples of how we have had regard to the matters set out in section 172(1)(a)-(f) when discharging our section 172 duties.

The directors have acted in a way that they consider to be most likely to promote the success of the Group for the benefits of all stakeholders; fostering high standards, good governance, an appropriate code of conduct and the need to act fairly for all members of the Group. The directors consider that the Group's key stakeholders are its clients, owners, employees, suppliers and the local community. It is considered vital that strong relationships are built with key stakeholders, which are both meaningful and mutually beneficial. Appropriate due diligence is done before entering into new relationships with any key supplier to ensure the propriety of business operations, including considerations of environmental and social responsibilities. The company has not completed SECR reporting as it is included in the consolidated accounts of Coroin Limited. The Consolidated accounts of Coroin limited are available at Companies house or can be obtained from 27 Knightsbridge, London, United Kingdom, SW1X 7LY.

By order of the board and signed on its behalf by



Nasir Pasha
Director

23 February 2023

Claridge's Hotel Limited

Registered number: 29022

Directors' report

The directors present their report for the year ended 31 December 2021.

Dividends

The dividends paid during the year amounted to £Nil (2020: £Nil). No dividends have been proposed up to the date of signing.

Directors and their interests

The directors who held office during the year and to the date of this report were as follows:

Liam Cunningham	Resigned on 25 February 2021
Michele Faissola	Resigned on 25 February 2021
Pasha Nasir	Appointed on 25 February 2021
Jeremy Cape	Appointed on 25 February 2021
Marc Socker	Appointed on 25 February 2021

Principal risks and uncertainties and KPI's

Details of principal risks and uncertainties and KPI's are contained in the strategic report.

Directors' liabilities

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

Future developments

The Company commenced the fee and enabling works stage of the planned extension of the basement of the hotel in 2016. The shell and core part has now been finalised. The fit out stage commenced in 2018 and is expected to continue through 2023. These works will see an array of new facilities to enhance the overall customer experience along with other elements such as retail outlets, a bakery, laundry and a state of the art spa, pool and health club. In addition to that the Company commenced its vertical extension works and major refurbishment to its existing stock, both of which shall continue through 2023 as well and will increase its rooms stock by 23%.

Company management recognises the inevitable negative impact the outbreak of COVID-19 will have on the London five-star luxury hospitality industry and has taken necessary steps to minimise liquidity risk by utilising certain support initiatives offered by the UK government and manage its discretionary cost base appropriately. During 2022, Company management has focussed on managing the welfare of its staff, guests and its financial stability as a result of the pandemic. The government-imposed lockdowns and social and travel restriction effectively ended in June 2021 and the Company has seen a steady recovery since then projecting a gradual return to more normalised levels of business from as early as December 2023.

The potentially adverse impact of the United Kingdom leaving the European Union and the continued pressure of the increase in the supply of luxury accommodation in London are two other factors that we continually monitor and strategize. Management believes it has the team, strategies and initiatives in place to defend and build on its position effectively.

The Company's actual performance and projections for remainder of 2023 and Q1 2024 show gradual improvement year on year with return of operating profits from February 2022 (UK) following the complete easing of restrictions in UK.

Claridge's Hotel Limited

Registered number: 29022

Directors' report *(continued)*

Equal opportunities and diversity

The Company is an equal opportunities employer and will continue to ensure it offers career opportunities without discrimination. Full consideration is given to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. The Company has continued the employment wherever possible of any person who becomes disabled during their employment. Opportunities for training, career development and promotion do not operate to the detriment of disabled employees.

Supplier and customer relationships

Company seeks to understand and deliver the expectation of its suppliers and customers, as this is in our mutual interest. We have a supplier code of conduct that establishes the values and principles required of our suppliers to drive the development of ethical and environmentally sustainable business practices. We also encourage

Our suppliers and customers to be part of our commitment to sustainability and responsible business conduct, sharing good practices and working together. We inform our suppliers and customers of the measures we have implemented to respect and uphold human rights, and we expect them to do the same. The company complies with Reporting on Payment Practices and Performance Regulations 2017 and it covers:

- who needs to report
- what needs to be reported
- how the information needs to be reported
- when the information needs to be reported

Employee involvement

The Company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005. During the year, the policy of providing employees with information, including information relating to the economic and financial factors affecting the performance of the company, has been continued through the staff quarterly meetings. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Employees participate directly in the success of the business through the Company's various incentive schemes.

Political and charitable donations

The company made no political contribution and £9,998 charitable contributions during the year (2020: £Nil).

Claridge's Hotel Limited

Registered number: 29022

Directors' report *(continued)*

Going Concern – reliance on the ultimate beneficial owner

Operating results

The Company's activities, together with the factors likely to affect its future development are set out in the 'Principal risks and uncertainties' section in the Strategic report and the 'Future developments' section in the Directors' report. The company is a hotel owner and operator and has been severely impacted by UK government restrictions resulting from COVID-19 pandemic, with some form of social and travel restrictions in place in early part of 2022. The Company has historically been reliant on the performance of its hotel to meet the Company's debt servicing requirements and associated covenants.

The Company is loss making, predominantly due to the impact of COVID-19 pandemic and interest payable on cash injections from its ultimate parent company, Regis Investments S.A. As at the balance sheet date, the Company had net current assets of £53.4 million (2020: £41.1 million) and net assets of £186.3 million (2020: £211.9 million). The Directors have assessed the prospects of the Company by assessing the cash flow and covenant forecasts of the Company. These forecasts are prepared for the period to 31 March 2024 (the review period) using base case/downside assumptions, including potential revenue recovery profiles, cost estimates and real estate values as relevant to loan-to-value ratio covenants. The director's belief that further downside scenario such as significant future travel restrictions or lockdowns is sufficiently remote such that it has not been considered. Scenario assuming a drop in Occupancy of 10 percentage points, would lead to a potential reduction in revenue of £14.4m in 2023 vs. base case scenario. Further the directors do not believe the potential recession linked to current inflation/slowdown due to Ukraine conflict will have significant impact on its performance in 2023 due to the fact that the hotel enjoys a diverse customer base which does not include a significant element from this region.

Capital expenditure

The continued major development project across the Group continues to be funded by the ultimate beneficial owner through the ultimate parent company Regis Investment S.A, directly to the subsidiary as there is confidence in the long-term return on investment and viability of the business.

The Company's projections for 2023 show that the Company is dependent on the support provided by the ultimate beneficial owner for capital expenditure obligations.

A letter of financial support has been provided by the Company's ultimate beneficial owner, His Highness Sheikh Hamad Bin Khalifa Al-Thani, pledging to continue to support the Company in meeting its committed capital expenditure of at least £4.6m up to 31 December 2023. A scenario assuming a drop in Occupancy of 10 percentage points, would need no further working capital support hence has not been requested. He further confirmed that he intends to procure that Regis Investments S.A. does not demand within the next 12 months repayment of any loans extended to the members of the Group.

External financing

Dukhan Bank refinanced the principal amount of £396,790,000 upon its maturity on 27th October 2022, for a further 12 months until October 2023. All the current outstanding principal amounts were consolidated into a single loan with Murabaha of £396,790,000 and refinanced as a single facility at an interest rate of 5.8317%. The refinanced loan agreement includes two covenants: loan to value not exceeding 61.5 per cent and the debt service cover ratio at a level not less than 1.25:1.00. The directors confirm there are no matters indicating these covenants will not be met.

Claridge's Hotel Limited

Registered number: 29022

Directors' report *(continued)*

Going Concern – reliance on the ultimate beneficial owner *(continued)*

The directors have started preliminary discussions with the current and various other lenders with a view to refinance the loan. Whilst the directors are confident they will secure refinancing given the loan to value ratio on the asset the loan are secured against (the asset being Claridge's hotel for Dukhan Bank), the quality of said asset, the year to date and projected performance of said asset, and the high level of interest cover the performance is projected to generate, no agreements have been signed as at the date of signing the accounts.

Conclusion

After making enquiries and taking into account the support of the ultimate beneficial owner, and the future availability of third party financing, the directors have a reasonable expectation that the Company can meet its liabilities as they fall due for a period of at least 12 months from the date on which these financial statements are approved. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

Auditor

The Company appointed Deloitte LLP as its auditor on 12 December 2020. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and Deloitte LLP will therefore continue in office.

Approved by the Board of Directors ('the Board') and signed on behalf of the Board.



Nasir Pasha
Director

23 February 2023

Claridge's Hotel Limited

Registered number: 29022

Statement of directors' responsibilities

The directors are responsible for preparing the Director's Responsibility statement and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these 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; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Claridge's Hotel Limited

Registered number: 29022

Independent auditor's report to the members of Claridge's Hotel Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Claridge's Hotel Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Claridge's Hotel Limited

Registered number: 29022

Independent auditor's report to the members of Claridge's Hotel Limited (continued)

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Claridge's Hotel Limited

Registered number: 29022

Independent auditor's report to the members of Claridge's Hotel Limited (continued)

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the group's operating license, health & safety regulation & employment law.

We discussed among the audit engagement team including relevant internal specialists such as tax, property valuations, pensions and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for in the following areas, and our specific procedures performed to address it are described below:

- We identified a significant risk due to fraud in relation to manual revenue journals. For a sample of these manual journals, we performed enquiries with management to determine the nature of these manual journals to revenue and obtained supportable third-party evidence to corroborate management inquiries.
- We identified a significant risk due to fraud in relation to fixed asset additions. Deloitte agreed a sample of fixed asset additions to supporting invoices and performed an additional related party check against the suppliers sampled.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Claridge's Hotel Limited

Registered number: 29022

Independent auditor's report to the members of Claridge's Hotel Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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 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.



Jessica Hodges (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

23 February 2023

Claridge's Hotel Limited

Registered number: 29022

Statement of comprehensive income for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Turnover	3	40,323	13,402
Cost of sales		(20,169)	(15,328)
		<hr/>	<hr/>
Gross Profit/(loss)		20,154	(1,926)
Administrative expenses		(31,336)	(24,609)
Other Income	5	1,889	4,584
		<hr/>	<hr/>
Operating (loss)	5	(9,293)	(21,951)
Finance costs		(10,839)	(5,508)
		<hr/>	<hr/>
Loss before tax		(20,132)	(27,459)
Tax (charge)/credit on loss on ordinary activities	6	(5,473)	1,511
		<hr/>	<hr/>
Loss for the financial year		(25,605)	(25,948)
		<hr/>	<hr/>

The Company had no other comprehensive income in the financial year or in the preceding financial year other than those dealt with in the profit and loss account. All activities in the current year and preceding periods are derived from continuing operations.

The notes on page 17 to 37 form part of these financial statements.

Claridge's Hotel Limited

Registered number: 29022

Balance sheet

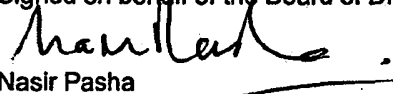
as at 31 December 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Property, plant and equipment	7	457,691	402,790
Right of use assets	8	216	264
Investments	9	150	150
		<hr/>	<hr/>
		458,057	403,204
Current assets			
Stocks	10	2,770	2,417
Debtors	11	60,259	46,333
Cash at bank and in hand		1,493	283
		<hr/>	<hr/>
		64,522	49,033
Creditors: Amounts falling due within one year			
Trade and other payables	12	(11,108)	(7,918)
Leases	8	(48)	(46)
		<hr/>	<hr/>
Net current assets		53,366	41,069
		<hr/>	<hr/>
Total assets less current liabilities		511,423	444,273
Creditors: Amounts falling due after more than one year			
Deferred taxation	13	(25,948)	(20,475)
Leases	8	(166)	(214)
Loans and borrowings	14	(298,982)	(211,652)
		<hr/>	<hr/>
Net assets		186,327	211,932
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	15	2,862	2,862
Share premium account		3,128	3,128
Revaluation reserve		137,423	137,423
Other reserves		24,611	24,611
Profit and loss account		18,303	43,908
		<hr/>	<hr/>
Total shareholders' funds		186,327	211,932
		<hr/>	<hr/>

The notes on page 17 to 37 form part of these financial statements.

These financial statements were approved by the Board of Directors on 23 February 2023.

Signed on behalf of the Board of Directors


Nasir Pasha
Director

Claridge's Hotel Limited

Registered number: 29022

Statement of changes in equity for the year ended 31 December 2021

	Called-up share capital £'000	Share premium £'000	Revaluation reserve £'000	Other reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2020	2,862	3,128	137,423	24,611	69,856	237,880
Total comprehensive loss for the financial year	-	-	-	-	(25,948)	(25,948)
At 31 December 2020	2,862	3,128	137,423	24,611	43,908	211,932
Total comprehensive loss for the financial year	-	-	-	-	(25,605)	(25,605)
At 31 December 2021	2,862	3,128	137,423	24,611	18,303	186,327

The accompanying notes on page 17 to 37 form an integral part of the financial statements.

The Share premium reserve relates to the excess paid by the shareholders to the Company above the nominal value of share capital.

The Revaluation Reserve relates to revaluation surplus on freehold property as a result of company acquisition and restructuring by the previous owners, Blackstone Hotel Acquisitions Company Unitd in 1998.

The Other reserve relates to the shareholder capital contribution made in 1998.

The reserve for Retained earnings relates to accumulated profits/(losses) of the Company less any distributions to shareholders.

Claridge's Hotel Limited

Registered number: 29022

Notes

to the financial statements

1 Statement of compliance

Claridge's Hotel Limited is a private company limited by shares incorporated and domiciled in the England and Wales. The company's registered office is 27 Knightsbridge, London, SW1X 7LY.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

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

2 Significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with United Kingdom adopted international accounting standards and with International Financial Reporting Standards as issued by the IASB, but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has adopted certain disclosure exemptions available under FRS 101. These include:

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 16 and 11 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group; and
- the requirements of paragraphs 130(f), 134(d to f) and 135(c to e) of IAS 36 Impairments of Assets.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Coroin Limited. The results of the Company are included in the publicly available consolidated financial statements of Coroin Limited. Copies of Coroin Limited financial statements are available at Companies House and can be obtained from 27 Knightsbridge, London, United Kingdom, SW1X 7LY.

Claridge's Hotel Limited

Registered number: 29022

Notes

to the financial statements (continued)

2 Significant accounting policies (continued)

Basis of preparation (continued)

As the consolidated financial statements of Coroin Limited include the equivalent disclosures, the company has also taken the exemption under FRS 101 available in respect of the following:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*; and
- Certain disclosures required by IAS 36 *Impairment of Assets*.

Basis of measurement

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

Foreign currency

Transactions in foreign currencies are translated to the functional currency of the company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Critical accounting estimates and judgements

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

The key accounting judgements and estimates in these financial statements include:

Estimates:

- fair value of property, plant and equipment (note 7);

Judgement:

- recognition of deferred tax assets (note 13);

Going Concern - reliance on the ultimate beneficial owner

Operating results

The Company's activities, together with the factors likely to affect its future development are set out in the 'Principal risks and uncertainties' section in the Strategic report and the 'Future developments' section in the Directors' report. The company is a hotel owner and operator and has been severely impacted by UK government restrictions resulting from COVID-19 pandemic, with some form of social and travel restrictions in place in early part of 2022. The Company has historically been reliant

Claridge's Hotel Limited

Registered number: 29022

Notes

to the financial statements (continued)

2 Significant accounting policies (continued)

Going Concern - reliance on the ultimate beneficial owner (continued)

on the performance of its hotel to meet the Company's debt servicing requirements and associated covenants.

The Company is loss making, predominantly due to the impact of COVID-19 pandemic and interest payable on cash injections from its ultimate parent company, Regis Investments S.A. As at the balance sheet date, the Company had net current assets of £53.4 million (2020: £41.1 million) and net assets of £186.3 million (2020: £211.9 million). The Directors have assessed the prospects of the Company by assessing the cash flow and covenant forecasts of the Company. These forecasts are prepared for the period to 31 March 2024 (the review period) using base case/downside assumptions, including potential revenue recovery profiles, cost estimates and real estate values as relevant to loan-to-value ratio covenants. The director's belief that further downside scenario such as significant future travel restrictions or lockdowns is sufficiently remote such that it has not been considered. Scenario assuming a drop in Occupancy of 10 percentage points, would lead to a potential reduction in revenue of £14.4m in 2023 vs. base case scenario. Further the directors do not believe the potential recession linked to current inflation/slowdown due to Ukraine conflict will have significant impact on its performance in 2023 due to the fact that the hotel enjoys a diverse customer base which does not include a significant element from this region.

Capital expenditure

The continued major development project across the Group continues to be funded by the ultimate beneficial owner through the ultimate parent company Regis Investment S.A, directly to the subsidiary as there is confidence in the long-term return on investment and viability of the business.

The Company's projections for 2023 show that the Company is dependent on the support provided by the ultimate beneficial owner for capital expenditure obligations.

A letter of financial support has been provided by the Company's ultimate beneficial owner, His Highness Sheikh Hamad Bin Khalifa Al-Thani, pledging to continue to support the Company in meeting its committed capital expenditure of at least £4.6m up to 31 December 2023. A scenario assuming a drop in Occupancy of 10 percentage points, would need no further working capital support hence has not been requested. He further confirmed that he intends to procure that Regis Investments S.A. does not demand within the next 12 months repayment of any loans extended to the members of the Group.

External financing

Dukhan Bank refinanced the principal amount of £396,790,000 upon its maturity on 27th October 2022, for a further 12 months until October 2023. All the current outstanding principal amounts were consolidated into a single loan with Murabaha of £396,790,000 and refinanced as a single facility at an interest rate of 5.8317%. The refinanced loan agreement includes two covenants: loan to value not exceeding 61.5 per cent and the debt service cover ratio at a level not less than 1.25:1.00. The directors confirm there are no matters indicating these covenants will not be met.

The directors have started preliminary discussions with the current and various other lenders with a view to refinance the loan. Whilst the directors are confident they will secure refinancing given the loan to value ratio on the asset the loan are secured against (the asset being Claridge's hotel for Dukhan Bank), the quality of said asset, the year to date and projected performance of said asset,

Claridge's Hotel Limited

Registered number: 29022

Notes

to the financial statements (continued)

2 Significant accounting policies (continued)

Going Concern - reliance on the ultimate beneficial owner (continued)

and the high level of interest cover the performance is projected to generate, no agreements have been signed as at the date of signing the accounts.

Conclusion

After making enquiries and taking into account the support of the ultimate beneficial owner, and the future availability of third party financing, the directors have a reasonable expectation that the Company can meet its liabilities as they fall due for a period of at least 12 months from the date on which these financial statements are approved. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Revenue recognition

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

Revenue is derived from hotel operations and includes the rental of rooms, food and beverage sales, and other revenue. Room and Food and Beverage revenue is recognised when the control over good/or services is transferred to the customer, rooms are occupied and food and beverages are sold.

Taxation

The income tax expense comprises current and deferred tax. It is recognised in the income statement except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognised in OCI or directly in equity.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: those differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that the Company is able to control the timing of reversal and it is probable that they will not reverse in the foreseeable future.

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

Claridge's Hotel Limited

Registered number: 29022

Notes

to the financial statements (continued)

2 Significant accounting policies (continued)

Taxation (continued)

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

Pension

Defined contribution plans

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

Defined benefit plans

The Company is a participating employer in group defined benefit schemes operated by providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis and therefore, as required by (IAS19 'Employee benefits'), accounts for the schemes as if they were defined contribution schemes. As a result the amount charged to profit or loss account represents the contributions payable to the schemes in respect of the accounting year.

Stocks

Stocks of finished goods are measured at the lower of cost and net realisable value. Stock is calculated using first in first out methodology.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through the statement of profit or loss and other comprehensive income. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient, the company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through the statement of profit or loss and other comprehensive income, transaction costs.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired.

Claridge's Hotel Limited

Registered number: 29022

Notes

to the financial statements (continued)

2 Significant accounting policies (continued)

Financial instruments (continued)

Subsequent measurement

The company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e., removed from the company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

Impairment of financial assets

The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through the statement of profit or loss and other comprehensive income. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. For trade receivables and some intercompany loans, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Claridge's Hotel Limited

Registered number: 29022

Notes

to the financial statements (continued)

2 Significant accounting policies (continued)

Financial instruments (continued)

(i) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through the statement of profit or loss and other comprehensive income, loans and borrowings, or payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement – loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

(ii) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Ordinary dividends are recognised in the period in which they are paid to shareholders.

Tangible fixed assets

Recognition and measurement

Items of tangible fixed assets are measured at cost less accumulated depreciation and impairment.

If significant parts of an item of tangible fixed assets have different useful lives, then they are accounted for as separate items (major components) of tangible fixed assets.

Any gain or loss on disposal of an item of tangible fixed assets is recognised in profit or loss.

Depreciation

Depreciation has not been charged on the freehold and leasehold properties held by the Company as the residual values of those properties exceeds the carrying values.

As a result, on an annual basis the Company estimates the recoverable amount of its hotel properties based on the higher of their net realisable values or the present values of future cash flows expected to result from their use. Where the recoverable amount is less than the carrying

Claridge's Hotel Limited

Registered number: 29022

Notes

to the financial statements (continued)

2 Significant accounting policies (continued)

Depreciation (continued)

amount of the hotel properties the Company recognises an impairment loss in the profit and loss account.

Other fixed assets are stated at cost less accumulated depreciation. Depreciation of other tangible assets is provided on a straight-line basis over the following useful lives:

Fixtures, fittings, plant and machinery	between 2 and 20 years
Structural improvements	25 years

Assets under the course of construction are not depreciated until brought into use.

Investments

Investments in subsidiaries are held at historical cost less any applicable provision for impairment.

Impairment

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. An impairment loss is reversed, only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Furlough income comprises government grants received under the COVID-19 job retention scheme which are recognised in the period to which the underlying furloughed staff costs relate to.

Claridge's Hotel Limited

Registered number: 29022

Notes

to the financial statements (continued)

2 Significant accounting policies (continued)

New and amended standards adopted by the Company

There are no amendments to accounting standard or IFRIC interpretations that are effective for the year ended December 31, 2021 and that had a material impact on the company.

3 Revenue

	2021 £'000	2020 £'000
Rooms	21,334	5,718
Food and Beverage	16,530	6,436
Other	2,459	1,248
	<hr/>	<hr/>
	40,323	13,402
	<hr/>	<hr/>

All turnover arises in the United Kingdom. Revenue for rooms is recognised over time and revenue for food and beverage and other revenue are recognised at a point in time

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2021 No.	2020 No.
Hotel and administration	512	501
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2021 £'000	2020 £'000
Wages and salaries	13,270	11,444
Social security costs	1,008	1,004
Other pension costs	640	685
	<hr/>	<hr/>
	14,918	13,133
	<hr/>	<hr/>

One of directors was remunerated by third party management company Hume Street Management Consultants Limited which charged fees of £3,750,000 (2020: £3,750,000) to Maybourne Hotels Limited, a 50% subsidiary of Selene Holding Limited and Regis Maybourne (UK) Limited. Of the amount charged by Hume Street an amount of £1,451,000 related to services provided to Claridge's Hotel Limited.

The other directors do not receive any remuneration from this Company for their services provided to the Company but are remunerated by another group entity.

Claridge's Hotel Limited

Registered number: 29022

Notes

to the financial statements (continued)

5 Statutory information

2021	2020
£'000	£'000

Operating profit is stated after charging:

Expenses relating to short-term leases and leases of low-value assets	77	49
Furlough grant income	(1,889)	(4,584)
Depreciation – owned assets (note 7)	8,360	6,256
Depreciation of right of use assets (note 8)	48	48
Cost of inventory	4,777	1,929
Loss on disposal of property, plant and equipment	3,023	2,075
	<u> </u>	<u> </u>

Auditor's remuneration

2021	2020
£'000	£'000

Audit of these financial statements	121	115
	<u> </u>	<u> </u>

Amounts receivable by the auditors and their associates in respect of:

Other services relating to taxation	-	-
	<u> </u>	<u> </u>

The audit fee is borne by Coroin Limited, the Company's intermediate parent company.

Claridge's Hotel Limited

Registered number: 29022

Notes

to the financial statements (continued)

6 Income taxes

(a) Amounts recognised in profit or loss

	2021 £'000	2020 £'000
Current tax		
UK corporation tax	-	-
Adjustment in respect of prior years	-	(374)
Total current tax	-	(374)
Deferred tax		
Impact of change in tax rates	6,602	2,609
Origination and reversal of temporary differences	(1,559)	(4,310)
Adjustments in respect of prior periods	430	564
Total deferred tax (credit)/charge	5,473	(1,137)
Total tax (credit)/charge in the income statement	5,473	(1,511)
Reconciliation of tax (credit)/charge	31 December 2021 £'000	31 December 2020 £'000
Loss on ordinary activities before tax	(20,133)	(27,459)
Loss on ordinary activities before tax at the standard corporation tax rate in the UK of 19.00% (2020: 19.00%)	(3,825)	(5,217)
Fixed asset differences	583	-
Expenses not deductible for tax purposes	-	419
Investment property	-	(126)
Impact of change in tax rates	6,228	2,609
Land remediation relief	(1)	-
Capital allowances in excess of depreciation	-	-
Deferred tax not recognised on CIR restriction	2,059	614
Adjustments to tax charge in respect of previous periods	429	190
Total tax (credit)/charge	5,473	(1,511)

Claridge's Hotel Limited

Registered number: 29022

Notes

to the financial statements (continued)

6 Income taxes (continued)

Factors which may affect future tax charges

The standard rate of UK corporation tax is 19% and therefore 19% applies to the current tax charge arising during the year ended 31 December 2021. Legislation within the Finance Bill 2021 amended this rate to 25.0% with effect from April 2023 and therefore 25.0% has been applied, where applicable, to the entity's deferred tax balance as at the balance sheet date for balances which are expected to reverse after date.

7 Tangible fixed assets

	Freehold land and buildings £'000	Structural improvements £'000	Assets under the course of construction £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost or valuation					
At 01 January 2021	185,275	31,071	141,250	86,254	443,850
Additions	-	-	66,284	-	66,284
Reclassification	-	44,406	(75,333)	30,927	-
Disposals	(1,895)	(205)	-	(11,979)	(14,079)
At 31 December 2021	183,380	75,272	132,201	105,202	496,055
Accumulated depreciation					
At 01 January 2021	-	3,024	-	38,036	41,060
Charge for the year	-	1,623	-	6,737	8,360
Disposals	-	(55)	-	(11,001)	(11,056)
At 31 December 2021	-	4,592	-	33,772	38,364
Net book value					
At 31 December 2021	183,380	70,680	132,201	71,430	457,691
At 31 December 2020	185,275	28,047	141,250	48,218	402,790

Qatar Islamic Bank Q.S.C holds a first fixed charge over all property, buildings, fixtures, fittings and fixed plant and machinery at the Claridge's Hotel and a floating charge over all of the Company's assets in respect of the amounts owed by Claridge's Hotel Holdings Limited, the Company's immediate parent company, at the period end of £396.8 million (2020: £383.2 million) to Dukhan Bank, the primary lender.

Claridge's Hotel Limited

Registered number: 29022

Notes

to the financial statements (continued)

7 Tangible fixed assets (continued)

Following the year end, the Company refinanced the Dukhan loan for the principal amount of £396,790,000, details are set out in Note 20.

All the current outstanding principal amounts will be consolidated into a single commodity Murabaha and will be refinanced as a single facility on the terms and conditions to be discussed and agreed prior to maturity, particularly with regard to the margin to be applied as well as settlement terms.

In accordance with the Company's accounting policies, the directors undertake an annual review of the carrying value of all other property, plant and equipment to determine whether there is any indication of impairment. An impairment test was performed at 31 December 2021 by comparing the carrying amount of these assets to their recoverable amounts.

The recoverable amount is determined as the higher of value in use and fair value less costs of disposal. In determining an asset's recoverable amount the directors are required to make judgements, estimates and assumptions that impact on the carrying value of the properties. The estimates and assumptions used are based on historical experience and other factors that are believed to be reasonable based on information available. At 31 December 2021, the fair value, and hence the recoverable amount were deemed to be significantly higher than the carrying amount. The directors conclude that the carrying value of property, plant and equipment is not impaired at 31 December 2021.

The estimated fair values of the long lease and freehold land and buildings would increase/ (decrease) if:

- the discount rate was higher/(lower);
- the trading performance of the hotels improved/(declined); or
- market yields increased/(decreased).

8 Leases

	Property £'000	Total £'000
Right-of-use assets		
Balance at 1 January 2021	264	285
Additions during the year	-	27
Accumulated depreciation	(48)	(48)
Balance at 31 December 2021	216	264
Lease Liabilities	31 December 2021 £'000	31 December 2020 £'000
Balance at 1 January 2021	260	278
Additions during the year	-	27
Interest	8	8
Payments	(54)	(53)
Balance at 31 December 2021	214	260

Claridge's Hotel Limited

Registered number: 29022

Notes

to the financial statements (continued)

8 Leases (continued)

	31 December 2021 £'000	31 December 2020 £'000
Non-current	166	214
Current	48	46
Balance at 31 December 2021	214	260

Amounts recognised in Profit or Loss	31 December 2021 £'000	31 December 2020 £'000
Interest on lease liabilities	(8)	(8)
Depreciation of right of use assets	(48)	(48)
Expenses relating to short-term leases	-	(10)
Expenses relating to leases of low-value assets	(77)	(39)
Total amount recognised in profit or loss	(133)	(105)

Leases - Estimating the incremental borrowing rate IFRS 16.26

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available. The Company estimates the IBR using observable market interest rates adjusted to reflect the terms and conditions of the lease. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate as at 1 January 2020. The weighted-average rate applied is 3.52%. Payments made represent the total cash outflow on the leases.

Non-cancellable lease rentals are payable on certain plant and machinery, motor fleet contract hire and leased buildings. These represent the minimum undiscounted future lease payments in aggregate that the Company is required to make under existing lease arrangements.

	2021 £'000	2020 £'000
Less than one year	131	114
Between one and five years	177	231
More than five years	-	-
	308	345

Claridge's Hotel Limited

Registered number: 29022

Notes

to the financial statements (continued)

9 Investments	2021 £'000	2020 £'000
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At cost and net book value

At beginning and end of the financial year	150	150
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The subsidiary undertakings are as follows:

Subsidiary undertaking	Company Number	Country of Incorporation and operation	Activity	Shareholding (Ordinary)
A Goody Rewarded Limited	01271647	Great Britain	Dormant company	100%
Claridge's Hotel (42000) Limited	00042000	Great Britain	Dormant company	100%
Bluedraft Limited	05518968	Great Britain	Dormant company	100%

The registered address for each subsidiary is the same as that of the Company.

10 Stocks	2021 £'000	2020 £'000
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Raw materials and consumables	2,770	2,417
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The replacement cost of stocks did not differ significantly from the amounts shown above.

11 Debtors	2021 £'000	2020 £'000
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Trade debtors	3,158	2,779
Other debtors	600	265
Amounts owed by group companies	36,947	37,641
Amounts owed by related parties	17,307	553
Other taxes and social security	1,239	5,059
Prepayments and accrued income	1,008	36
	60,259	46,333

All amounts owed by group companies arise mainly from trading transactions are unsecured, interest free and repayable on demand

Claridge's Hotel Limited

Registered number: 29022

Notes

to the financial statements (continued)

12 Creditors

	2021 £'000	2020 £'000
Trade creditors	2,419	541
Amounts owed to group companies	8	6
Amounts owed to related parties	1,187	1,747
Amounts owed to ultimate parent	-	-
Other taxes and social security	742	742
Other creditors	1,180	614
Accruals and deferred income	5,572	4,268
	<u>11,108</u>	<u>7,918</u>

All amounts owed to group companies arise mainly from trading transactions are unsecured, interest free and repayable on demand.

13 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

	2021 £'000	2020 £'000
At 1 January	20,475	21,612
Charged/(Credited) to profit and loss account	5,473	(1,137)
Net deferred tax liability as at 31 December	<u>25,948</u>	<u>20,475</u>

Deferred tax assets and liabilities are attributable to the following:

	Assets 2021 £'000	Assets 2020 £'000	Liabilities 2021 £'000	Liabilities 2020 £'000	Net 2021 £'000	Net 2020 £'000
Property, plant and equipment	-	-	30,308	2,244	30,308	2,244
Losses carried forward	(12,041)	(5,295)			(12,041)	(5,295)
Capital gains on properties	-	-	7,892	23,686	7,892	23,686
Other temporary differences	(211)	(160)	-	-	(211)	(160)
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Net deferred tax (assets)/liabilities	<u>(12,252)</u>	<u>(5,455)</u>	<u>38,200</u>	<u>25,930</u>	<u>25,948</u>	<u>20,475</u>

Factors which may affect future tax charges

Details of factor which may affect future tax charges are contained in the note 6, income taxes. The company has recorded a deferred tax liability as the directors believe that there is a tax liability that is deferred due to a difference in timing between when the tax was accrued and when it is due to be paid.

Claridge's Hotel Limited

Registered number: 29022

Notes

to the financial statements (continued)

14 Loans and borrowings

	Interest rate	2021 £'000	2020 £'000
Amounts owed to ultimate parent Company – ongoing development	2.94% - 4.5%	298,982	211,652

£298.9m (2020: £211.6m) represents the funds advanced by Regis Investment S.A. to fund ongoing development works at Claridge's. The loan was treated as related party creditor repayable on demand until year ended 31 December 2019. In 2021 and 2020 it is reclassified as long term debt as Regis Investment S.A. assured directors it would not demand repayment within the next 12 months.

In 2021 Regis Investments S.A. advanced £76,500,000 (2020: £90,304,000) to Claridge's Hotel Limited to support the ongoing development works in the hotel. Interest of £10,830,000 (2020: £5,501,000) was accrued on the loan.

15 Called up share capital

	2021 £'000	2020 £'000
Authorised		
50,000,000 ordinary shares of 10p each	5,000	5,000
Called up, allotted and fully paid		
28,615,873 ordinary shares of 10p each	2,862	2,862

16 Capital commitments

	2021 £'000	2020 £'000
Capital commitments (land and buildings):		
Contracted but not provided for in the accounts	259	171

In addition to the figure above, the Company is undertaking capital development program. The total budget that was agreed for these programs was £301.1m, of which £263.5m had been spent to 31 December 2021. The further phases of the projects are procured as the work progresses, however, as at 31 December 2021, the remaining budget to complete the capital development program is £37.6m.

Claridge's Hotel Limited

Registered number: 29022

Notes

to the financial statements (continued)

17 Pensions and similar obligations

Claridge's Hotel Limited is a participating employer in two pension schemes:

- The Maybourne Hotels Group Pension and Life Insurance Scheme, a defined benefit scheme, which has two sections – the Staff and Senior Staff sections, was closed to new entrants with effect from 1 August 2006.
- The Maybourne Stakeholder Scheme, a defined contribution scheme, was introduced on 1 August 2006 and is open to all staff if they meet the eligibility criteria. Pensions for 20 employees (2020: 22 employees) are funded through this scheme. The defined contribution pension cost for the year amounted to £53,965 (2020: £52,354). To comply with the law, the Company auto-enrolled all employees who are not members of any pension scheme from 1 April 2014 into an automatic enrolment stakeholder pension scheme. 366 employees were auto-enrolled in 2021 (2020: 334 employees) with a cost for the year of £308,185 (2020: £336,504). The Company actively encourages staff to join the scheme as it believes that it is an important element of the remuneration package.

On 12 December 2017 Maybourne Hotels Limited, The Berkeley Hotel Limited, The Connaught Hotel Limited ("the Selene Employers") were transferred and ceased to be wholly owned subsidiaries of the same ultimate parent of Claridge's Hotel Limited ("the Transaction"). Up until the date of the transaction the Selene Employers were participating employers in the The Maybourne Hotels Group Pension and Life Insurance Scheme ("the Scheme") in respect of some of their employees. Claridge's Hotel Limited was the principal employer under the Scheme rules.

As a consequence of the Selene Employers not having a common ultimate parent with Claridge's Hotel Limited following the Transaction, the continued participation in the Scheme by the Selene employers required the agreement with the Trustees of the Scheme ("the Trustees") and Claridge's Hotel Limited. Interim agreement through a Memorandum of Understanding ("MOU") was reached on 11 December 2018 between the employers (including the Selene employers) and the Trustees that they will use reasonable endeavours to ensure that the actuarial valuation of the Scheme as at 31 March 2018 will be completed by 30 June 2019 and they will use all reasonable endeavours to ensure that a long term funding and investment strategy will be agreed by 30 June 2019. The MOU also documented that if the matters referenced above were agreed and documented to the satisfaction of the Trustees by 30 June 2019 the Trustees and Employer will take such steps as are necessary to allow the Selene or "Relevant" Employers (Maybourne Hotels Limited, The Berkeley Hotel Limited and The Connaught Hotel Limited) to continue to participate in the Scheme after 30 June 2019, such that no debt becomes due under section 75 of the Pensions Act 1995 on or before 30 June 2019 by reason of an actual or deemed employment-cessation event.

On 27 June 2019 the Employers including the Relevant Employers confirmed to the Trustees their acceptance of the 31 March 2018 valuation and confirmed their agreement to the proposals documented in the Trustees letter to the company dated 17 June 2019 confirming the continued participation in the scheme by the Relevant Employers should agreement be reached. The directors therefore consider agreement to have been reached with effect from 27 June 2019 and that section 75 liabilities will not be crystallised on the basis of this agreement including the Trustees agreement for continued participation in the scheme of the Relevant employers. The Relevant employers will continue discussion with the Trustees to decide the investment strategy and the long term future of the scheme.

Claridge's Hotel Limited

Registered number: 29022

Notes

to the financial statements (continued)

17 Pensions and similar obligations (continued)

It was agreed that obligations in respect of the Scheme would be allocated between Coroin Limited and Claridge's Hotel Limited ("the Coroin Employers") on the one hand and the Selene Employers on the other hand in the ratio 49.5% to 50.5%. It was also agreed that future service contributions would be payable by each of the Employers as a percentage of the pensionable salaries of their respective employees who are members of the Scheme.

Management intend for the Scheme to be operated in this fashion with additional payment obligations above future service contributions being met initially by Coroin Limited on behalf of the Coroin Employers and by The Berkeley Hotel Limited on behalf of the Selene Employers. Accordingly, Coroin Limited recognises 49.5% of the Scheme net pension obligation in its balance sheet and 50.5% of the Scheme net pension obligation (along with the associated deferred tax) was transferred through equity to the balance sheet of The Berkeley Hotel Limited, the Company related by common director and the principal employer for the Selene employers.

The defined benefit liability for the Coroin employers is disclosed fully in the consolidated accounts of Coroin Limited.

The directors are unable to identify the Company's share of the scheme assets and liabilities as;

- Most scheme members have worked for more than one company within the Group. The Group structure has also changed materially over time due to restructurings, acquisitions and disposals. It is therefore not appropriate to allocate assets and liabilities between the participating companies.
- For funding purposes, the employers within the group share actuarial risks. The determination of cash contributions does not separately identify assets and liabilities for individual participating companies and all employers pay the same contribution rate in respect of accruing benefits.
- Contributions in respect of the past service deficit are paid separately by another group company.

As a result it is accounted for as a defined contribution scheme. The scheme is currently in surplus and the overall Group contributions have been capped at £349,925 a month (2020: £345,776 a month). At 31 December 2021 this surplus, calculated in accordance with IAS 19, amounted to £5.95 million (31 December 2020: £2.01 million), split between Coroin Limited £2.93 million and The Berkeley Hotel Limited £3.02 million. Full details of the scheme are disclosed in the accounts of Coroin Limited and The Berkeley Hotel Limited.

Claridge's Hotel Limited

Registered number: 29022

Notes

to the financial statements (continued)

18 Related party disclosures

The company is exempt under the provisions of IAS 24 Related Party Disclosures from disclosing related party transactions entered into between two or more 100% owned members of a group.

At 31 December 2021, an amount of £382,000 (2020: £250,000) remains due from Hume Street Management Consultants Limited, the Company's management company in relation to services rendered to them during the year and an amount of £425,000 remains owed to them for the management services provided. This is a related party by way of common directors.

Claridge's Hotel Limited until 12 December 2017 formed part of the same group with The Berkeley Hotel Limited, The Connaught Hotel Limited and Maybourne Hotels Limited. These entities are now related parties by way of common directors.

Related party	Nature of relationship	Opening balance 01/01/2021 £'000	Sales £'000	Payments £'000	Loans received £'000	Closing balance 31/12/2021 £'000
Asset/(liability)		£'000	£'000	£'000	£'000	£'000
Hume Street Management Consultants	Common director	250	174	(42)	-	382
The Maybourne Beverly Hills	Common director	-	3,525	-	-	3,525
The Maybourne Riviera	Common director	-	1,308	-	-	1,308
Maybourne Hotels Limited	Common director	303	-	(303)	11,905	11,905
Hume Street Management Consultants	Common director	(1,530)	(1,451)	2,556	-	(425)
Maybourne Hotels Limited	Common director	(208)	(707)	208	-	(707)
The Berkeley Hotel Limited	Common director	(7)	(54)	7	-	(54)
The Connaught Hotel Limited	Common director	(2)	-	2	-	-
Regis Investments S.A.	Parent	(211,652)	-	-	(87,330)	(298,982)

Claridge's Hotel Limited

Registered number: 29022

Notes

to the financial statements (continued)

19 Ultimate parent company

The company's ultimate parent company and the largest group in which the results of the company are consolidated is Regis Investments S.A. Copies of those financial statements will be available from its registered office, 15, boulevard Roosevelt L - 2450 Luxembourg, a company incorporated in Luxembourg.

The ultimate controlling party is His Highness Sheikh Hamad Bin Khalifa Al Thani.

Coroin Limited, a company incorporated in Great Britain and registered in England and Wales is the smallest group in which the results of the Company are consolidated. Copies of those statutory accounts will be available from its registered office, 27 Knightsbridge, London, SW1X 7LY.

20 Subsequent events

The geopolitical situation in Eastern Europe intensified on February 24, 2022, with Russia's invasion of Ukraine. The war is increasingly affecting economic and global financial markets and exacerbating ongoing economic challenges, including issues such as supply constraints and impact on customer demand. The potentially adverse impact of the war and the continued pressure of the increase in the supply of luxury accommodation in London are two other factors that we continually monitor and strategise. Management believes it has the team, strategies and initiatives in place to defend and build on its position effectively. The Group continues to benefit from a diverse geographic client base, targeting premium leisure and corporate guests from international markets, but also from its domestic market. We do not expect this pattern to change and it is a critical component of the Group's long-term growth plan to balance risk and supply chain constraints from the war in Ukraine. The war has had a minimal impact on business from a customer base perspective and supply constraints.

Dukhan Bank refinanced the principal amount of £396,790,000 upon its maturity on 27th October 2022, for a further 12 months until October 2023. All the current outstanding principal amounts were consolidated into a single loan with Murabaha of £396,790,000 and refinanced as a single facility at an interest rate of 5.8317%. The refinanced loan agreement includes two covenants: loan to value not exceeding 61.5 per cent and the debt service cover ratio at a level not less than 1.25:1.00. The directors confirm there are no matters indicating these covenants will not be met.

The Company is a claimant in ongoing confidential arbitral proceedings against a service provider, which involve a disputed counterclaim by the service provider against the Company. That counterclaim concerns sums that allegedly became payable by the Company to the service provider after the end of the relevant accounting period, in respect of services allegedly provided to the Company after the end of the relevant accounting period. The directors don't believe the outcome will have a material impact on the accounts