The Ritz Hotel, Limited

Annual report and financial statements

Registered number 0048125

31 December 2021

Contents

Strategic Report

Principal activities

The principal activity of The Ritz Hotel, Limited ("the Company") is carried out overseas and consists of the business of owning and operating the Ritz Hotel in Paris.

Business review, key performance indicators and future developments

The Company has been impacted by the COVID-19 pandemic. The Food & Beverages Hotel operations were closed until 19 May 2021. During the other months of the year the Hotel was fully open.

The Company's Key Performance Indicators of occupancy rates, average daily rates and revenue per available room were higher when compared to previous year given the hotel remained open throughout the year.

The Board have taken appropriate steps to manage the effect of COVID-19 through discussions with the various stakeholders including employees, lenders and suppliers.

Statement on section 172 Companies Act 2006

The board has taken and continues to take decisions for the long term, and its aim is always to uphold the highest standards of service and conduct. The Company's decisions for the long term are made via careful and continuous communication with its stakeholders.

The views and needs of the stakeholders are considered by the board throughout the year by information provided by management of the Company and by direct engagement with stakeholders.

The board understands that its business can only grow and prosper over the long term if it understands and respects the needs and views of its guests, customers, colleagues and the communities in which it operates, as well as its suppliers, the environment and the shareholders to whom it is accountable.

The board has taken action to embed consideration of stakeholder interests within the Company's culture and operating model of the business by providing training to the relevant management team members. In order to achieve the long-term vision of the Company, the board communicates with the managers regularly in order to direct the plan.

The board ensures that the Section 172 Companies Act 2006 requirements are met, and the interests of the stakeholder groups are always considered, by:

(a) setting an annual, long-term business plan presenting the relevant standing agenda;

(b) reviewing the business plan throughout board meetings;

(c) formal consideration of any of factors which are relevant to any major decisions taken by the board throughout the year;

(d) having a risk management process.

Principal risks and financial instruments

The principal risks that the Company is exposed to in the normal course of business are:

- competition from other luxury hotels in Paris and especially from new entrants to this market segment in Paris,
- events that adversely affect domestic and international travel such as the COVID-19 pandemic,
- inflation rate and cost of supplies, including utilities

On the basis of the above, the directors are satisfied to present the financial statements for the year ended 31 December 2021 on the going concern basis.

By order of the board

K.S. Lindsay

Keith Lindsay
Director

8 June 2022

Directors' report

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

Results

The profit for the year, after taxation, amounted to €7,650,000 (2020 - loss €17,997,000). The directors do not recommend the payment of a dividend.

Directors

The directors who held office during the year were as follows:

Mr K Lindsay
Mr A Longet
Mr B Taskapan
Ms N Bader Messian

Going concern

The Company reviews its cash position regularly. Occupancy rates, average daily rates and revenue per available room are carefully monitored and the Company has increased its marketing efforts. The directors have a reasonable expectation that the Company will continue in operational existence for the foreseeable future on the grounds that the Company has sufficient access to cash for working capital. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Employment and training matters

The Company currently employs disabled persons. Any disabled employees are offered the same opportunities for training and advancement as able bodied employees. The Company holds regular staff meetings to keep its employees informed about the affairs, policy and performance of the Company.

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2020: €nil).

Streamlined Energy and Carbon Reporting (SECR)

The Company has not included SECR reporting on the basis that it did not consume in the UK more than 40,000 kilowatt-hours (kWh) of energy in the year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

Auditor

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

By order of the board

K.S. Lindsay

Keith Lindsay
Director

Third Floor, 20 Old Bailey
London
EC4M 7AN

8 June 2022

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE RITZ HOTEL LIMITED

Opinion

We have audited the financial statements of The Ritz Hotel Limited ("the Company") for the year ended 31 December 2021 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

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

Our conclusions based on this work:

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE RITZ HOTEL LIMITED (continued)

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

As required by auditing standards and taking into account our overall know ledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because it is simple in nature and therefore there is limited opportunity to commit fraud.

We did not identify any additional fraud risks.

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

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unrelated and seldomly used accounts, unusual or unexpected debits or credits to cash, deposit levels or loans and journal entries containing key words such as reversal, restatement or reclassification.

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

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

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

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

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law and certain aspects of company legislation recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE RITZ HOTEL LIMITED (continued)

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

Strategic report and directors' report

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

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, 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 these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE RITZ HOTEL LIMITED (continued)

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

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

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

Chrissy Douka (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
8th June 2022

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2021

	Note	**2021**	2020
		€000	€000
Turnover	*3*	**49,510**	23,822
Cost of sales		**(28,405)**	(19,728)
Gross profit		**21,105**	4,094
Other operating income	*4*	**46,886**	34,232
Administrative expenses	*6*	**(50,170)**	(48,346)
Operating profit / (loss)	*5*	**17,821**	(10,020)
Other interest receivable and similar income	*8*	**96**	7
Interest payable and similar expenses	*9*	**(9,639)**	(7,984)
Profit / (loss) before taxation		**8,278**	(17,997)
Tax on profit	*10*	**(628)**	-
Profit / (loss) for the financial year		**7,650**	(17,997)
Other comprehensive income			
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount		**1,055**	1,055
Total comprehensive income for the year		**8,705**	(16,942)

The accompanying notes on pages 12 through 28 form an integral part of the financial statements.

Balance Sheet
at 31 December 2021

	Note	**2021**		2020	
		€000	**€000**	€000	€000
Fixed assets					
Intangible assets	*11*		**592**		736
Tangible assets	*12*		**334,918**		353,758
Investments	*13*		**85**		387
			335,595		354,881
Current assets					
Stocks	*14*	**8,938**		9,998	
Debtors (Including €58,708 due after more than one year (2020: nil))	*15*	**81,497**		15,517	
Cash at bank and in hand	*16*	**21,410**		18,695	
		111,845		44,210	
Creditors: amounts falling due within one year	*17*	**(18,201)**		(14,483)	
Net current assets			**93,644**		29,727
Total assets less current liabilities			**429,239**		384,608
Creditors: amounts falling due after more than one year	*18*	**(596,377)**		(559,389)	
Provisions for liabilities	*19*	**(4,052)**		(4,059)	
			(600,429)		(563,448)
Net liabilities			**(171,190)**		(178,840)
Capital and reserves					
Called up share capital	*20*		**1,830**		1,830
Share premium reserve	*20*		**114,210**		114,210
Revaluation reserve	*20*		**30,985**		32,040
Profit and loss account			**(318,215)**		(326,920)
Shareholders' deficit			**(171,190)**		(178,840)

These financial statements were approved by the board of directors on 8 June 2022 and were signed on its behalf by:

K.S. Lindsay

Keith Lindsay
Director

Company registered number: 0048125

The accompanying notes on pages 12 through 28 form an integral part of the financial statements.

Statement of Changes in Equity

	Called up share capital €000	Share premium reserve €000	Revaluation reserve €000	Profit and loss account €000	Shareholders' deficit €000
Balance at 1 January 2020	1,830	114,210	33,095	(309,978)	(160,843)
Total comprehensive income for the period					
Loss for the financial year	-	-	-	(17,997)	(17,997)
Transfer	-	-	(1,055)	1,055	-
Total comprehensive income for the period	-	-	(1,055)	(16,942)	(17,997)
Balance at 31 December 2020	**1,830**	**114,210**	**32,040**	**(326,920)**	**(178,840)**

	Called up share capital €000	Share premium reserve €000	Revaluation reserve €000	Profit and loss account €000	Shareholders' deficit €000
Balance at 1 January 2021	1,830	114,210	32,040	(326,920)	(178,840)
Total comprehensive income for the period					
Profit for the financial year	-	-	-	7,650	**7,650**
Transfer	-	-	(1,055)	1,055	-
Total comprehensive income for the period	-	-	(1,055)	8,705	**7,650**
Balance at 31 December 2021	**1,830**	**114,210**	**30,985**	**(318,215)**	**(171,190)**

The accompanying notes on pages 12 through 28 form an integral part of the financial statements.

Cash Flow Statement
for the year ended 31 December 2021

	Note	2021	2020
		€000	€000
Cash flows from operating activities			
Profit/(Loss) for the year		**8,278**	(17,997)
Adjustments for			
Depreciation, amortisation and impairment		**20,744**	22,455
Impairment	*13*	**302**	-
(Gain)/loss on disposal of tangibles and intangibles fixed assets	*4*	**(25,174)**	538
Interest receivable and similar income	*8*	**(96)**	(7)
Interest payable and similar charges	*9*	**9,639**	7,984
Taxation		**(628)**	-
(Increase)/decrease in trade and other assets		**(7,449)**	5,569
Decrease / (increase) in stocks		**1,062**	340
Increase/(decrease) in trade and other creditors		**3,718**	(6,994)
Increase/(decrease) in long term creditors		**1,988**	(42)
(Decrease)/increase in provisions		**(7)**	314
Net cash used from operating activities		**12,377**	12,160
Cashflows from investing activities			
Interest received		**96**	7
Intercompany loans advanced	*15*	**(58,531)**	-
Acquisition of tangible, intangible fixed assets	*11, 12*	**(3,378)**	(1,786)
Proceeds from disposal		**26,790**	-
Net cash flows from investing activities		**(35,023)**	(1,779)
Cash flows from financing activities			
Proceeds from third party loan	*18*	**35,000**	-
Repayment of inter-company loan		-	(4,751)
Interest paid		**(9,639)**	(8,002)
Net cash flows from financing activities		**25,361**	(12,753)
Net increase in cash and cash equivalents		**2,715**	(2,372)
Cash and cash equivalents 1 January		**18,695**	21,067
Cash and cash equivalents 31 December	*16*	**21,410**	18,695

The accompanying notes on pages 12 through 28 form an integral part of the financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

The Ritz Hotel, Limited, company registration number 0048125 (the "Company") is a private company limited by shares and incorporated and domiciled in England, United Kingdom. The Company is tax resident in France. The registered address of the Company is 20 Old Bailey, London, EC4M 7AN, UK. The principal place of business is 15 Place Vendôme,, 75001, Paris, France.

The Company is exempt by virtue of s405 of the Companies Act 2006 from the requirement to prepare group financial statements on the basis that the subsidiaries are not material for the purpose of giving a true and fair view. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*). The presentation currency of these financial statements is Euro. All amounts in the financial statements have been rounded to the nearest €1,000.

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

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

Notwithstanding net liabilities of €171.1m as at 31 December 2021, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for the Company for the period to 31 July 2023, including reasonably possible downside scenarios.

As at 31 December 2021, the Company was financed by a combination of a secured bank loan of €250m with an external lender and cash of €21.4m. The Company also has a €384m of uncommitted, unsecured facility provided by the shareholder which, at the date of approval of these financial statements, had been drawn down by €319.8m. The bank loan includes three financial covenants, tested every quarter, and a waiver has been obtained by the Company from the external lender for two financial covenants, with the first test date being 30 June 2022.

The directors have separately considered the uncertainty as to the future impact of COVID-19 on the cash flow forecasts. At the date of the approval of the financial statements, the hotel has reopened, and all facilities are available to guests.

The base case scenario has been based on the audited entity's rolling forecast and in the specific severe but plausible downside scenario the audited entity has considered in relation to COVID-19, the possibility of a new variant that would significantly impact the winter months but would not force bars/restaurants to close. Variable costs will follow the same trend as revenue and fixed costs will continue to be incurred as normal. The forecasts provided incorporate an increase in expenses at a higher rate than current inflation and not all increases are passed to consumer. This forecast has only included government support that has been substantively enacted at the date of approval of these financial statements and mitigating actions under the control of the Company directors, including the deferral of substantially all non-essential capital expenditure. Capital expenditure considered essential in nature has been included in the forecast.

While the Directors believe the company will not require support in the form of cash from the shareholders, even in the severe but plausible downside scenario, the company will continue to monitor the financial impact of COVID-19 and the company has received assurances from its shareholders that sufficient funds would be made available to allow the company to continue trading as a going concern, meeting its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. Hotel's property has been given as a security for the bank loan and is currently valued at over two times the loan value and therefore it is not in the shareholders interest to let the entity default on the covenants. As with any company placing reliance for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

1.3 Basic financial instruments

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes *(continued)*

1 Accounting policies *(continued)*

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in subsidiaries

These are separate financial statements of the Company. Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of tangible fixed assets that had been revalued to fair value on or prior to the date of transition to FRS 102, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The Company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Buildings — 50 years
- Hotel Improvements — 10-33 years
- Plant and equipment — 5-25 years
- Furniture, fixtures and fittings — 3-10 years
- Motor vehicles — 3-5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Revaluation

Certain items of tangible fixed assets that had been revalued to fair value on or prior to the date of transition to FRS102, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

1.6 Intangible fixed assets

Intangible fixed assets comprise customer lists, software and registration expenses incurred in relation to the protection of the Ritz trade mark worldwide. Software is usually renewed or upgraded within five years of purchase and therefore amortized on a straight line basis over this period. Registration expenses are payable every ten years and accordingly are amortised over this period. Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses. The estimated useful lives are as follows:

- Software — 5 years
- Trademarks — 10 years
- Customer lists — 10 years

Notes *(continued)*

1 Accounting policies *(continued)*

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. Net realisable value is based on estimated selling price less further costs expected to be incurred to disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

1.8 Impairment excluding stocks, and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually 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 groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

1.9 Employee benefits

Post-retirement benefit

French resident companies are obliged to pay a one-time cessation of employment benefit to employees on their retirement. The obligation only arises if employees work for the Company up to their date of retirement. The rights obtained by employees are not transferable should they leave the Company. The obligation is based on length of service and level of remuneration at the date of retirement. Full provision has been made for the estimated liability as at 31 December 2021.

1.10 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

1.11 Revaluation reserve

The revaluation reservice reflect periodic revaluations of land and buildings.

Notes *(continued)*

1 Accounting policies *(continued)*

1.12 Turnover

Turnover comprises room sales, food and beverages sales, club and spa and other sales to external customers (excluding TVA and other sales taxes). Turnover is recognised as follows:

• Room sales	daily based on customer presence on the evening of stay
• Food and beverage sales	daily at the close of business
• Club and spa sales to members	monthly in advance
• Sales to external customers	on completion of the related service
• Sale of owned property	on completion of sale of the relevant property

In addition, consideration received from customers is only recorded as turnover to the extent that the Company has performed its contractual obligations in respect of that consideration.

1.13 Other operating income

Other operating income from brand's royalties is recognised in the financial year in which the related services are delivered.

1.14 Government grants

Grants are accounted under the accruals model as permitted by FRS 102.

Grants relating to the French government employment support scheme and the French solidarity fund scheme are revenue in nature and are recognised in "other operating income" within profit or loss in the year as the related expenditure. There are no unfulfilled conditions.

The Company has not directly benefited from any other forms of government assistance.

1.15 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the Company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.16 Taxation

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

Current tax, including French corporation tax, is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes *(continued)*

2 Accounting estimates and judgements

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Company's accounting policies

There were no critical judgements identified in applying the Company's accounting policies in the current year.

Key sources of estimation uncertainty

There are assumptions made in respect of the useful economic lives of tangible and intangible fixed assets along with related residual values. These are based on best estimates at the time and reviewed periodically.

The recoverability of the unrecognised deferred tax assets and the anticipated reversal of timing differences.

Notes *(continued)*

3 Turnover

	2021 €000	2020 €000
Room sales	**29,325**	11,995
Food and beverage	**13,407**	8,480
Other	**6,778**	3,347
	49,510	23,822

Turnover arises from the hotel trade of the Company and is wholly generated in France.

4 Other operating income

	2021 €000	2020 €000
Royalties	**11,545**	8,431
Settlement of claim	**-**	16,000
Government grants (refer note 6)	**7,280**	6,946
Gains on disposal of intangible/tangible fixed assets	**25,174**	-
Other operating income	**2,887**	2,855
	46,886	34,232

Gains on disposals of fixed assets include €23m in relation to the sale of trademarks in December 2021 to a group undertaking (refer note 22) and €2m in relation to the sale of property located in central Paris on 2 February 2021 (refer note 12). On 9 July 2020, the Company reached an agreement with Bouygues to settle an ongoing dispute. As part of the settlement, the Company received €16m in 2020 and €nil in 2021.

5 Expenses and auditors' remuneration

	2021 €000	2020 €000
Amortisation – intangible fixed assets	**216**	399
Depreciation – tangible fixed assets	**20,527**	22,056
Impairment	**302**	-
Operating lease – plant and machinery	**56**	56
Operating lease – other	**875**	812
(Gain) on disposal of intangible fixed assets	**(23,352)**	-
(Gain)/Loss on disposal of tangible fixed assets	**(1,764)**	538
(Profit)/Loss on foreign currency translation	**(321)**	686
Auditor's remuneration	**150**	144
Non-audit services payable to the Company's auditor and its associates	**-**	11

Notes *(continued)*

6 Staff numbers and costs

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

	Number of employees	
	2021	2020
Management	**9**	9
Administration	**72**	66
Other	**468**	490
	549	565

The aggregate payroll costs of these persons was as follows:

	2021	2020
	€000	€000
Wages and salaries	**22,953**	23,574
Social security	**8,470**	7,366
Provision for retirement indemnity obligation	**52**	(210)
	31,475	30,730

During the year €3,353,689 *(2020: €6,746,000)* was received from the French government employment support scheme through to September 2021. This amount is included in other income as government grants.

7 Directors' remuneration

Remuneration of the highest paid director:

	2021	2020
	€000	€000
Remuneration	**1,591**	929
Benefits in kind	**-**	-
Provision for retirement indemnity obligation	**-**	-
Aggregate remuneration in respect of qualifying services	**1,591**	929

The aggregate of emoluments of the highest paid director was €592,882 *(2020: €429,492)*. 4 directors *(2020: 4)* received remuneration from the Company during the year.

There were no shares or share options received under long-term incentive schemes in respect of qualifying services. There were no amounts paid or treated as paid to a pension scheme in respect of directors' qualifying services.

Notes *(continued)*

8 Interest receivable and similar income

	2021	2020
	€000	€000
On deposits held with third parties	**1**	7
On loans to group undertakings (refer note 15)	**95**	-
	96	7

9 Interest payable and similar expenses

	2021	2020
	€000	€000
Interest expense on third party loan	**4,842**	3,178
Interest expense on inter-company loan	**4,797**	4,806
	9,639	7,984

Interest payable and similar charges includes interest payable and similar on bank loans and overdrafts of €4,842,000 *(2020: €3,178,000)* and on all other loans of €4,797,000 *(2020: €4,806,000)* was payable to group undertakings.

Notes *(continued)*

10 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2021 €000	2020 €000
Current tax		
Total current tax	**628**	-
Deferred tax		
Total deferred tax	**-**	-
	628	-

Reconciliation of effective tax rate

	2021 €000	2020 €000
Profit / (loss) for the year	**7,650**	(17,997)
Total tax credit	**628**	-
Profit excluding taxation	**8,278**	(17,997)
Tax using the applicable corporation tax rate of 26.50% (2020: 28.00%)	**2,194**	(5,039)
Difference between French tax account and UK GAAP tax account	**(673)**	1,456
Losses utilised	**(893)**	-
Increase in tax losses carried forward	**-**	3,583
Total tax credit included in profit and loss	**628**	-

The elements of the potential deferred tax asset are as follows:

	2021	2020
Tax losses carried forward	**45,118**	45,960
Other deferred tax assets relating to timing differences	**14,549**	14,486
Deferred tax asset at end of year	**59,667**	60,446

Deferred tax assets are calculated using the corporation tax rate at which they are expected to be utilised of 25.00% *(2020: 25.00%)*. The directors have not recognised a deferred tax asset in respect of these losses due the uncertainty as to when sufficient profits will be generated to recover the potential asset.

Notes *(continued)*

11 Intangible fixed assets

	Trademarks and customer lists	Computer software	Development costs	Other intangible asset	Total
	€000	€000	€000	€000	€000
Cost					
Balance at 1 January 2021	10,489	2,813	365	-	13,667
Additions	-	124	-	25	149
Disposals	(5,135)	-	(264)		(5,399)
Balance at 31 December 2021	5,354	2,937	101	25	8,417
Amortisation and impairment					
Balance at 1 January 2021	9,952	2,614	365	-	12,931
Additions	-	215	-	1	216
Disposals	(5,058)	-	(264)		(5,322)
Balance at 31 December 2021	4,894	2,829	101	1	7,825
Net book value					
Balance at 1 January 2021	537	199	-	-	736
Balance at 31 December 2021	**460**	**108**	**-**	**24**	**592**

During the year the Ritz group trademarks were sold to a fellow group company (refer note 4).

12 Tangible fixed assets

	Land and buildings	Plant and Equipment	Fixtures & fittings	Furniture	Other	Total
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Cost						
Balance at 1 January 2021	478,485	1,661	1,633	29,139	3,542	514,460
Additions	1,399	955	3	1,129	167	3,653
Disposals	(1,538)	(246)	-	(376)	(427)	(2,587)
Balance at 31 December 2021	478,346	2,370	1,636	29,892	3,282	515,526
Depreciation						
Balance at 1 January 2021	135,765	890	688	20,895	2,464	160,702
Depreciation charge for the year	17,239	282	177	2,547	282	20,527
Disposals	(441)	(47)	-	(131)	(2)	(621)
Balance at 31 December 2021	152,563	1,125	865	23,311	2,744	180,608
Net book value						
At 1 January 2021	342,720	771	945	8,244	1,078	353,758
At 31 December 2021	325,783	1,245	771	6,581	538	334,918

Notes *(continued)*

12 Tangible Fixed Assets *(continued)*

On 2 February 2021 the Company sold property located at 26 rue Cambon 75001 Paris to CTSC for € 1.9m. In addition, during the year the Company sold assets to Peach Invest SA for €1.4m (refer note 4).

The loan facility granted by BNP Pairsbas on 10 December 2021 (refer note 18) is secured by a charge over the hotel building at 15/17 place Vendôme and 38 rue Cambon 75001 Paris.

13 Fixed asset investments

The Company purchased 50% of the ordinary share capital of the Ritz Products (U.K.) Limited on 12 June 2014. The registered address of Ritz Products (U.K.) Limited is 155 Piccadilly, London, W1V 9DG, UK. The carrying value of this investment as at 31 December 2021 is €85,194 *(2020: €387,203).*

	Participating interests	Total
	€000	€000
Cost		
At beginning of year	387	387
Impairment	(302)	(302)
At end of year	**85**	**85**
Net book value		
At 31 December 2021	**85**	**85**
At 31 December 2020	387	387

Ritz Products (UK) Limited net assets were €228,000 as at 31 December 2021 (€188,000 as at 31 December 2020). The Company's share was 50%. On this basis an impairment of €302,000 was applied to reduce the carrying value to reflect the loss in value.

The Company has the following investment in an associate:

	Aggregate of capital and reserves	**Profit or loss for the year**	**Country of incorporation**	**Class of shares held**	**Ownership 2021**	**Ownership 2020**
	€ 000	€ 000			%	%
Ritz Products (U.K) Limited	203	24	U.K	B' Ordinary	50	50

Notes *(continued)*

14 Stocks

	2021 €000	2020 €000
Raw materials and consumables	**8,938**	9,998
	8,938	9,998

15 Debtors

	2021 €000	2020 €000
Trade debtors	**5,702**	1,096
Other debtors	**3,417**	9,158
Prepayments and accrued income	**13,847**	5,263
Loans to group undertakings	**58,531**	-
	81,497	15,517
Due within one year	**22,789**	15,341
Loans to group undertakings (due after one year)	**58,531**	-
Long term deposits (due after one year)	**177**	176
	81,497	15,517

Included in other debtors due within one year is an amount of €1.7m from Peach Invest France SA, a fellow group undertaking, relating to intercompany balances. The amount is interest free, has no specific terms of repayment and is unsecured.

As a result of the sale of the trademark on 10 December 2021 a Loan Agreement was signed between Ritz Enterprise SA and The Ritz Hotel, Limited under which €23.4m was advanced by The Ritz Hotel Limited to Ritz Enterprise SA with the following conditions:

- The associated interest rate is EURIBOR 3 months rate + 2.25%.
- The repayment date is 31 January 2027.
- The facility is unsecured.

On 10 December 2021 an Intercompany Loan Agreement was signed between RH Paris 1 SARL and The Ritz Hotel, Limited under which €35m was advanced by The Ritz Hotel Limited to RH Paris 1 SARL with the following conditions:

- The associated interest rate is EURIBOR 3 months rate + 2.25%.
- The loan is repayable on demand and or no later than 31 January 2027.
- The facility is unsecured.

16 Cash and cash equivalents

	2021 €000	2020 €000
Cash at bank and in hand	**21,410**	18,695
	21,410	18,695

Restrictions on cash and cash equivalents held include a total amount of €250k *(2020: €287k)* deposited with a bank in France in accordance with its contractual arrangements with third parties.

Notes *(continued)*

17 Creditors: amounts falling due within one year

	2021	2020
	€000	€000
Trade creditors	**5,513**	3,296
Other taxation and social security	**4,324**	1,349
Other creditors	**715**	2,638
Accruals and deferred income	**7,649**	7,200
	18,201	14,483

Included in other creditors due within one year is an amount of €0.6m to Ritz Group Services a fellow group undertaking, relating to intercompany balances. The amount is interest free, has no specific terms of repayment and unsecured.

18 Creditors: amounts falling after more than one year

	2021	2020
	€000	€000
Bank loans and overdrafts	**250,000**	215,000
Long term loan from parent undertaking	**319,829**	319,829
Other creditors	**1,233**	1,313
Accruals and deferred income	**25,315**	23,247
	596,377	559,389

On 31 July 2014 a loan agreement was signed between RH Paris 1 SARL and The Ritz Hotel, Limited totalling €384 million with the following conditions:

- The associated interest rate is EUR LIBOR rate 3 months + 1.5%.
- Repayment date not earlier than two years from the date of reopening of the hotel on 9 June 2016.
- €319.8 million drawn down as at 31 December 2021 (2020: €319.8 million).
- The undrawn facility at the year end was €64 million.
- The facility is unsecured.
- The loan is not repayable until the bank loan of €250 million from BNP Paribas has been repaid.

The Company has loans which refer to EUR LIBOR. To address the issues of benchmark reform the loans specify that if a reference rate replacement event has occurred the parties agree to use for the purpose of the agreements as a replacement the same screen rate or index as that determined in accordance with the agreement for each interest calculation date following the determination under the agreement. In assessing any risk the entity has applied the practical expedient in paragraph 11.20C of FRS 102.

On 31 July 2020 a loan agreement was signed between BNP Paribas and The Ritz Hotel Limited totalling €215 million with the following conditions:

- The associated interest rate is EURIBOR + 1.25%.
- Interest rates are capped at 1.50% through to the end of the facility on 6 July 2025 for which the Company paid €840,000.
- The facility runs through to 6 July 2025 with no repayment required before this date.
- The facility is secured by a charge over the hotel building at 15/17 place Vendôme and 38 rue Cambon 75001 Paris.

During the year the Company increased its borrowing from BNP Paribas by €35m with the following conditions:

- The associated interest rate is EURIBOR + 1.75%.
- Interest rates are capped at 1.50%.
- The facility runs through to 31 July 2026 with no repayment required before this date.
- The facility is secured by a charge over the hotel building at 15/17 place Vendôme and 38 rue Cambon 75001 Paris.

Notes *(continued)*

18 Creditors: amounts falling after more than one year *(continued)*

Long term loan from parent undertaking and bank loan are payable as follows:

	2021	2020
	€000	€000
Due within one year	**-**	-
Due between one and five years	**569,829**	215,000
Due after five years	**-**	319,829
	569,829	534,829

19 Provisions

	Post retirement benefits €000	**Provision for litigation €000**	**Total €000**
Balance at 1 January 2021	1,449	2,610	4,059
Provision made / (used) during the year	53	(60)	(7)
Balance at 31 December 2021	**1,502**	**2,550**	**4,052**

Post-retirement benefits

The provision for retirement indemnities as at 31 December 2021, is € 1,501,544 *(2020: €1,449,065).*

French resident companies are obliged to pay a lump sum benefit to employees on their retirement. The benefits are due only if employees work for the Company up to their retirement. The rights obtained by employees are not transferable should they leave the Company. The benefit is based in length of services and level of remuneration at the date of retirement.

There is no fund created for these benefits and the expected amount is not calculated by an actuary. The timing of the payment of these liabilities will vary by employee. The principal assumptions used to calculate the obligation are as follows:

- Age of retirement — 67 years
- Discount rate — 0.96%
- Expected salary increase — 2.5%
- Profile of employees to each retirement.

Litigation provision

The provisions for litigation at 31 December 2021 of € 2,550,000 (2020: €2,610,000) represents management's best estimate of the likely cost to the Company for litigation currently in progress. During the year additional provisions were made and there were no releases.

Notes *(continued)*

20 Share capital and reserves

Share capital

	2021	2020
	£000	£000
Authorised		
2,000,000 ordinary shares of £1 each	**2,000**	2,000
	€000	€000
Allotted, called up and fully paid		
1,081,542 ordinary shares of £1 each	**1,781**	1,781
30,515 ordinary shares of £1 each	**49**	49
	1,830	1,830

The opening share capital was converted into French francs at the rate of exchange at 31 December 1971 that is FF13.31 (€2.03) to £1 sterling. As a result of the acquisition of the trade and assets of Champli S A during the year ended 31 December 2000, The Ritz Hotel, Limited share capital increased by 30,515 shares of £1 each. This increase in share capital was converted into French francs at the rate of exchange of FF10.551 (€1.608) to £1.

Share premium reserve

The share premium reserve reflects any excess paid above the par value of shares on allotment.

Revaluation reservice

Where tangible fixed assets are revalued ore reclassified as investment property, the cumulative increase in the fair value of the property at the date of reclassification in excess of any previous impairment losses is included int eh revaluation reserve.

21 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings	Land and buildings	Other	Other
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Due within one year	**656**	656	**24**	31
Due between one and five years	**3,279**	2,625	**42**	-
Due after five years	**164**	1,477	**-**	-
	4,099	4,758	**66**	31

During the year, €932,000 was recognised as an expense in the profit and loss account in respect of operating leases *(2020: €868,000).*

Notes *(continued)*

22 Related parties

During the year, the Company entered into transactions with certain other parties which are under the common control of the Company's ultimate controlling parties. These parties comprise Ritz (Paris) Holdings Limited, RH PARIS 1 SARL, Ritz Enterprise SA, Peach Invest SA, Ritz Group Services SA and Ritz Products UK. These transactions relate principally to payments on behalf of the related party by the Company subsequently reimbursed or, in the case of Ritz (Paris) Holdings Limited, amounts advanced as lending and amounts received as borrowing in respect of intercompany loans (refer notes 15 and 17). In addition the Company sold trademarks to Ritz Enterprise SA (refer note 4) and was advanced €0.6m by Ritz Group Services SA.

Amounts in respect of the year ended 31 December 2021 are as follows:

- Parent companies

	Receivables outstanding	Receivables outstanding	Creditors outstanding	Creditors outstanding
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Ritz (PARIS) Holdings Limited	-	-	**319,829**	319,829
RH PARIS 1 SARL	**35,000**	-	-	-
	35,000	-	**319,829**	319,829

	Finance income	Finance income	Finance expenses	Finance expenses
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Ritz (PARIS) Holdings Limited	-	-	**4,797**	4,806
RH PARIS 1 SARL	**44**	-	-	-
	44	-	**4,797**	4,806

- Fellow group companies

	Receivables outstanding	Receivables outstanding	Creditors outstanding	Creditors outstanding
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Peach Invest SA	**1,895**	-	-	-
Ritz Group Services SA	-	-	**600**	-
Ritz Products UK	-	387	-	-
	1,895	387	**600**	-

Notes *(continued)*

22 Related Parties *(continued)*

Amounts in respect of the year ended 31 December 2021 are as follows:

- Fellow group companies *(continued)*

	Turnover	Turnover	Other operating income	Other operating income
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Ritz Enterprise SA	-	-	**23,410**	-
SCI Caset St-Thomas	-	3	-	-
SCI Les Sapins de Megevéve	-	2	-	-
Immazur SARL	-	1	-	-
	-	6	**23,410**	-

	Finance income	Finance income	Finance expenses	Finance expenses
	2021	2020	**2021**	2020
	€000	€000	**€000**	€000
Ritz Enterprise SA	**29**	-	-	-
Peach Invest SA	**22**	-	-	-
	51	-	-	-

The balances outstanding at 31 December 2021 and 31 December 2020 include amounts due (from)/to Mr Al Fayed of €Nil and €Nil respectively.

23 Transactions with key management personnel

Total compensation of key management personnel (including the directors) in the year amounted to €1,974,439 *(2020: €2,789,000).*

24 Ultimate controlling parties of the group

The Company's immediate joint parent undertakings are:

- Ritz (Paris) Holdings Limited, First Floor 7 Esplenade, St Helier, Jersey, JE2 3QA registered in Jersey, and
- R H Paris 1 SARL, 21 Rue Du Fort Elisabeth, Luxembourg, registered in Luxembourg

The entire share capital of the joint-parent undertakings is held for the benefit of Mr M Al Fayed and his family, the ultimate controlling parties. Consolidated financial statements of the Ritz (Paris) Holdings Limited and R H Paris 1 SARL are not available for public inspection.