

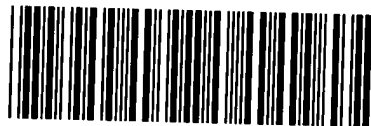
# Maybourne Hotels Limited

Reports and financial statements

Year ended 31 December 2019

**Registered number: 3669284**

TUESDAY



\*A9JXRQJK\*

A07

15/12/2020

#205

COMPANIES HOUSE

# Maybourne Hotels Limited

<i>Contents</i>	<i>Page</i>
Directors and other information	1
Strategic' report	2
Directors' report	4
Statement of directors' responsibilities	6
Independent auditor's report	7
Statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13

# Maybourne Hotels Limited

## Directors and other information

### Board of Directors

Fady Bakhos  
Liam Cunningham

### Registered office

27 Knightsbridge  
London  
SW1X 7LY

### Auditor

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

### Bankers

Barclays Bank  
1 Churchill Place  
London  
E14 5HP

Allied Irish Bank (GB)  
City Office  
9-10 Angel Court  
London  
EC2R 7AB

### Solicitors

Macfarlanes LLP  
10 Norwich Street  
London  
EC4A 1BD

### Registered number

3669284

# Maybourne Hotels Limited

## Strategic report

The directors present their report and the audited financial statements for the year ended 31 December 2019.

### Principal activity

The principal activity of Maybourne Hotels Limited ('the Company') is the provision of management services to other entities within the groups headed by Coroin Limited ('the Coroin Group') and Selene Holdings Limited ('the Selene Group'). The principal activity of these companies is the provision of five star deluxe hotel and restaurant services.

### Business review

The Company recorded a turnover of £14.4 million (2018: £13.7 million) in the year ended 31 December 2019 which represents an increase of 5.1% compared to the year ended 31 December 2018.

The Company produced a loss before tax of £2.7 million in the year to 31 December 2019 (2018: £1.3 million profit).

### COVID-19

The directors consider that in the short term, the biggest financial risk facing the Company is the one posed by the rapid outbreak of COVID-19 in February 2020, which was subsequently categorised as an international pandemic by the World Health Organisation on 11 March 2020. Measures taken by various governments worldwide including the UK government, to contain the spread of the virus have severely affected the performance of the hotels managed by the Company from March 2020 to date, leading to the unprecedented decision to close The Berkeley Hotel, The Connaught Hotel and Claridge's Hotel on 24 March 2020. The Berkeley Hotel, The Connaught Hotel and Claridge's Hotel have subsequently reopened on 4 July 2020, 14 July 2020 and 7 September 2020 respectively. All three hotels managed by the Company continued to operate despite restrictions due to the second lockdown introduced by the UK government for the period from 5 November 2020 to the date of signing these accounts. Company management has got every confidence that the travel and leisure market will recover once a credible solution to the COVID-19 pandemic is available in the form of medication and vaccine. We estimate this to be not earlier than Q1 2021. In the interim, the directors and management of the Company are working very closely with third parties and ownership to secure sufficient liquidity to meet its obligations, maximising the available support from the UK government and renegotiating contractual arrangements. The directors are confident such liquidity is secured, predominantly through the continued financial support of the Group's ultimate beneficial owner, His Excellency Sheikh Hamad Bin Jassim Bin Jaber Al Thani further details of which are provided in the going concern note.

### Future developments

The Company is determined to enhance, invest and further develop its iconic hotels through various room enhancement programs, and continued investment in its food and beverage offering.

During 2021, Company management will focus on managing the welfare of its staff, guests and its financial stability as a result of the widespread COVID-19 pandemic, which led to the closure of the hotels on 24 March 2020, following the lockdown and social distancing guidelines set by the UK government. Company management is projecting a gradual return to business, however estimate this to be not earlier than Q1 2021.

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 the support offered by the UK government and managing its discretionary cost base.

# Maybourne Hotels Limited

## Strategic report (*continued*)

### Principal risks and uncertainties

The Company's hotels under management are exposed to general economic risk, including changes in the economic outlook in the London five-star luxury hotel and leisure industry. Inevitably the biggest source of financial uncertainty in 2020 is expected to be the prolonged impact of the COVID-19 pandemic and the financial and economic uncertainty that this brings. The hotels managed by the Company are also exposed to the risk of future government changes in industrial, fiscal, monetary or regulatory policies. The impact of general economic risk is mitigated to some extent by the high net worth of the hotels' customer base. In the current environment this mitigation has been weakened by global travel restrictions that have prevented such customers from travelling to the UK.

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 directors believe that the worldwide economic and geopolitical events will continue to affect the Group's hotels trading conditions, but that the hotels are well placed to either address those risks or leverage the opportunities accordingly.

The Group's projections for the 13 months to 31 December 2021 (the review period) show that the Company is dependent on the support provided by the ultimate beneficial owner for operating and capital expenditure obligations.

### 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.

The directors have acted in a way that they consider to be most likely to promote the success of the Company 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 Company. The directors consider that the Company'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.

By order of the board and signed on its behalf by



Liam Cunningham  
Director

2 December 2020

# Maybourne Hotels Limited

## Directors' report

The directors present their report for the year ended 31 December 2019.

### Dividends

During the year no dividends were paid or proposed (2018: £nil).

### Directors and their interests

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

Liam Cunningham  
Fady Bakhos

### 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.

### 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.

### 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 in which employees have also been encouraged to present their suggestions and views on the Company's performance. 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 incentive schemes linked to performance and improved quality of service.

### Political donations

The company made no political contributions during the year.

### Going Concern – reliance on the ultimate beneficial owner

The Company's business activities, together with the factors likely to affect its future development, are set out in the 'COVID-19', 'Future developments' and 'Principal risks and uncertainties' sections of the Strategic Report.

The Company is loss making. As at the balance sheet date, the Company has net current liabilities of £7.0 million (2018: £3.2 million) and net liabilities of £3.4 million (2018: £0.6 million). The directors have assessed the going concern position of the Company by assessing the cash flow and covenant forecasts of the Group including the Company.

# Maybourne Hotels Limited

## Directors' report (*continued*)

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

The Group's projections for the 13 months to 31 December 2021 (the review period) show that the Company is dependent on the support provided by the ultimate beneficial owner for operating and capital expenditure obligations.

A letter of financial support has been provided by the Company's ultimate beneficial owner, His Excellency Sheikh Hamad Bin Jassim Bin Jaber Al Thani, pledging to support the Company should this be required for a period of at least 12 months from the date of approval of the financial statements.

The directors have made enquiries to satisfy themselves that the ultimate beneficial owner has sufficient liquid resources available to provide the financial support required by the Company. Based on the results of the assessment described above, the directors have concluded that it remains appropriate to prepare the annual report and accounts on a going concern basis.

### **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**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and Ernst & Young LLP will therefore continue in office.

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



Liam Cunningham  
Director

2 December 2020

# Maybourne Hotels Limited

## Statement of directors' responsibilities

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 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.

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.

On behalf of the Board



Liam Cunningham  
Director

2 December 2020

## Independent auditor's report to the members of Maybourne Hotels Limited

### Opinion

We have audited the financial statements of Maybourne Hotels Limited for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. 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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of matter – disclosure of effects of COVID-19 and reliance on the financial support of the ultimate beneficial owner

We draw attention to Notes 2 and 20 of the financial statements, which describe the financial disruption the Company is facing as a result of COVID-19 in the post balance sheet event period and the financial support required from the ultimate beneficial owner to settle its operating and capital expenditure obligations throughout the forecast period. Our opinion is not modified in respect of this matter.

### Conclusions relating to going concern

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

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

## **Independent auditor's report to the members of Maybourne Hotels 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.

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

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

We have nothing to report in this regard.

### **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 Directors' Report have been prepared in accordance with applicable legal requirements.

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

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 6, 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.

## Independent auditor's report to the members of Maybourne Hotels Limited *(continued)*

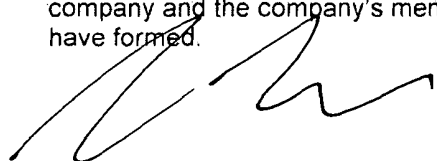
### **Auditor's responsibilities for the audit of the financial statements**

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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **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.



Rebecca Turner (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
1 More London Place  
London  
SE1 2AF

3rd December 2020

# Maybourne Hotels Limited

Registered number: 3669284

## Statement of comprehensive income

for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
<b>Turnover</b>	3	<b>14,372</b>	13,701
Cost of sales		(6,086)	(5,016)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>8,286</b>	8,685
Administrative expenses		(6,459)	(6,213)
Exceptional items	5	(3,294)	(3,431)
Loss on disposal of fixed assets	10	(868)	-
		<hr/>	<hr/>
<b>Operating loss</b>	6	<b>(2,335)</b>	(959)
Income from shares in group undertakings	10	868	-
Net finance costs	7	(1,186)	(372)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>		<b>(2,653)</b>	(1,331)
Tax charge on loss on ordinary activities	8	(101)	(94)
		<hr/>	<hr/>
<b>Loss for the financial year</b>		<b>(2,754)</b>	(1,425)
		<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.

# Maybourne Hotels Limited

Registered number: 3669284

## Balance sheet

as at 31 December 2019

	Note	2019 £'000	2018 Restated £'000
<b>Fixed assets</b>			
Property, plant and equipment	9	1,986	1,040
Right of use assets	11	6,699	-
Finance lease assets	11	4,878	-
Investments	10	-	868
Deferred tax asset	14	599	700
		<b>14,162</b>	<b>2,608</b>
<b>Current assets</b>			
Debtors	12	120,084	111,008
Cash at bank and in hand		2,030	8,690
		<b>122,114</b>	<b>119,698</b>
<b>Current liabilities</b>			
Trade and other payables	13	(127,961)	(122,935)
Leases	11	(1,193)	-
		<b>(7,040)</b>	<b>(3,237)</b>
<b>Net current liabilities</b>			
		<b>(7,040)</b>	<b>(3,237)</b>
<b>Non current liabilities</b>			
Leases	11	(10,505)	-
<b>Net liabilities</b>		<b>(3,383)</b>	<b>(629)</b>
<b>Capital and reserves</b>			
Called up share capital	15	150	150
Share premium account		3,052	3,052
Profit and loss account		(6,585)	(3,831)
<b>Shareholders' deficit</b>		<b>(3,383)</b>	<b>(629)</b>

These financial statements were approved by the board of directors on 2 December 2020.

Signed on behalf of the Board of Directors



Liam Cunningham  
Director

# Maybourne Hotels Limited

Registered number: 3669284

## Statement of changes in equity

for the year ended 31 December 2019

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
<b>At 1 January 2018</b>	<b>150</b>	<b>3,052</b>	<b>(2,406)</b>	<b>796</b>
Loss for the financial year	-	-	(1,425)	(1,425)
Other comprehensive income	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2018</b>	<b>150</b>	<b>3,052</b>	<b>(3,831)</b>	<b>(629)</b>
Loss for the financial year	-	-	(2,754)	(2,754)
Other comprehensive income	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2019</b>	<b>150</b>	<b>3,052</b>	<b>(6,585)</b>	<b>(3,383)</b>
	<hr/>	<hr/>	<hr/>	<hr/>

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

# Maybourne Hotels Limited

## Notes

*to the financial statements*

### 1 Statement of compliance

Maybourne Hotels Limited is a company 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

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the European Union ("EU IFRS"), 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;
- the requirements of paragraphs 130(f), 134(d to f) and 135(c to e) of IAS 36 Impairments of Assets.

# Maybourne Hotels Limited

## Notes *(continued)*

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

#### **Basis of preparation *(continued)***

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 Selene Midco Limited. The results of the Company are included in the publicly available consolidated financial statements of Selene Midco Limited.

As the consolidated financial statements of Selene Midco 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.

#### **Prior period restatement**

The £700,000 deferred tax asset in the comparative period has been reclassified from current to non-current assets. The same error was present for the £779,000 deferred tax asset as at 31 December 2017. This reclassification corrects the presentation of the deferred tax asset in line with the requirements of IAS 1 *Presentation of Financial Statements*. This reclassification has no impact on the statement of comprehensive income, net liabilities and shareholders' deficit as presented in the prior year financial statements.

#### **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.

#### **Use of estimates and judgements**

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

# Maybourne Hotels Limited

## Notes *(continued)*

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

#### Use of estimates and judgements *(continued)*

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The key accounting judgements and sources of estimation uncertainty affecting these financial statements are:

- Carrying value of tangible fixed assets and specifically the estimation of the useful economic lives of property, plant and equipment
- Taxation - Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in the note "Taxation".
- Discount rate used to determine the IFRS 16 lease liability

#### Going Concern – reliance on the ultimate beneficial owner

The Company's business activities, together with the factors likely to affect its future development, are set out in the 'COVID-19', 'Future developments' and 'Principal risks and uncertainties' sections of the Strategic Report.

The Company is loss making. As at the balance sheet date, the Company has net current liabilities of £7.0 million (2018: £3.2 million) and net liabilities of £3.4 million (2018: £0.6 million). The directors have assessed the going concern position of the Company by assessing the cash flow and covenant forecasts of the Group including the Company.

The Group's projections for the 13 months to 31 December 2021 (the review period) show that the Company is dependent on the support provided by the ultimate beneficial owner for operating and capital expenditure obligations.

A letter of financial support has been provided by the Company's ultimate beneficial owner, His Excellency Sheikh Hamad Bin Jassim Bin Jaber Al Thani, pledging to support the Company should this be required for a period of at least 12 months from the date of approval of the financial statements.

The directors have made enquiries to satisfy themselves that the ultimate beneficial owner has sufficient liquid resources available to provide the financial support required by the Company. Based on the results of the assessment described above, the directors have concluded that it remains appropriate to prepare the annual report and accounts on a going concern basis.

#### Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes.

Revenue is also recognised for the provision of management services to other entities within the group headed by Selene Holdings Limited ('the Group') and Claridge's Hotel Limited, previously a sister company until the group reorganisation which took place at the end of the financial year ended 31 December 2017.

# Maybourne Hotels Limited

## Notes *(continued)*

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

#### **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.

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.

#### **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 determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

#### **Operating lease payments**

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit or loss as an integral part of the total lease expense.

#### **Exceptional items**

Exceptional items relate to items considered "non-core" which give a better understanding of the underlying trade when disclosed separately. These items include pension recharges for special pension contributions from Coroin Limited.

# Maybourne Hotels Limited

## Notes (continued)

### 2 Significant accounting policies (continued)

#### 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.

#### Non-derivative financial instruments

##### 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.

##### *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.

# Maybourne Hotels Limited

## Notes (continued)

### 2 Significant accounting policies (continued)

#### Financial instruments (continued)

##### (i) Financial assets (continued)

###### *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.

##### (ii) 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.

# Maybourne Hotels Limited

## Notes *(continued)*

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

#### Financial instruments *(continued)*

##### *(ii) Financial liabilities (continued)*

###### *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.

##### *(iii) 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

Fixed assets are stated at cost less accumulated depreciation.

Depreciation of tangible assets is provided on a straight-line basis over the following useful lives:

Fixtures and fittings, plant and machinery	between 2 and 20 years
--------------------------------------------	------------------------

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

# Maybourne Hotels Limited

## Notes *(continued)*

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

#### **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.

#### **Investments**

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

#### **New and amended standards adopted by the Company**

For the period beginning on 1 January 2019 the Company has adopted IFRS 16 Leases. IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

#### **IFRS 16 "Leases"**

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Using the modified retrospective approach the company will not restate comparative information. Instead, the lessee recognises the cumulative effect of initially applying the new standard as an adjustment to equity (if applicable) at the date of initial application.

The impact of the transition resulted in the following transition adjustments being recorded (refer also to Note 11):

- Recognition of right of use assets of £295,481 as at 1 January 2019
- Recognition of lease liabilities of £295,481 as at 1 January 2019

No adjustment to equity was required as a result of adoption of this standard.

# Maybourne Hotels Limited

## Notes (continued)

### 2 Significant accounting policies (continued)

#### New and amended standards adopted by the Company (continued)

##### IFRS 16 “Leases” (continued)

###### *Exemptions*

The Group has elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

###### *Transition Exemptions*

The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).

###### *Measurement of Lease Liabilities on Transition*

For leases previously classified as operating leases, the lease liability at the date of initial application were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

###### *Measurement of Right of Use Assets on Transition*

For leases previously classified as operating leases, the group has elected to measure the right of use asset at an amount equal to the lease liability, resulting in a zero impact on Equity as at 1 January 2019.

###### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

###### *Finance Lease Receivable:*

Where the group enters into a sublease and became an intermediate lessor, the group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognises the net investment in the sublease as a finance lease receivable. The lease liability relating to the head lease is retained in the groups statement of financial position, which represents the lease payments owed to the head lessor. Any difference between the right-of-use asset and the net investment in the sublease is recognised in the profit or loss.

# Maybourne Hotels Limited

## Notes (continued)

<b>3 Turnover</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Management fees	<b>14,345</b>	13,527
Property rental	-	142
Gain on foreign exchange	<b>27</b>	32
	<hr/>	<hr/>
Total turnover	<b>14,372</b>	13,701
	<hr/>	<hr/>

All turnover is derived from operations in the UK.

## 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:

	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
Hotel and administration	<b>99</b>	81
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follow:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	<b>5,141</b>	4,254
Social security costs	<b>560</b>	453
Other pension costs (excluding exceptional costs)	<b>349</b>	309
	<hr/>	<hr/>
	<b>6,050</b>	5,016
	<hr/>	<hr/>

## Directors' remuneration

One of the directors is remunerated by third party management company Hume Street Management Consultants Limited ("Hume Street") which charged fees of £5,000,000 (2018: £5,000,000) to the Company. Of the amount charged by Hume Street an amount of £1,797,000 relates to services provided to Claridge's Hotel Limited (a sister company under common ownership until 12 December 2017), and an amount of £3,203,000 relates to Selene Midco Group for services provided to The Berkerley Hotel Limited and The Connaught Hotel Limited. The Connaught Hotel Limited incurred in total £1,593,000 of the fees of £3,203,000 charged to Selene Midco and The Berkerley Hotel Limited incurred £1,610,000. The Company recharges the fees of £5,000,000 to the various entities in line with the arrangements set out above. None of the fees payable to Hume Street are incurred by the Company on the basis that the services provided are considered to be incidental.

The other director does not receive any remuneration from this Company for his services provided to the Company but is remunerated by another group entity.

# Maybourne Hotels Limited

## Notes (continued)

### 5 Exceptional items

Exceptional items relate to £3,294,000 (2018: £3,431,000) of amounts recharged by Coroin Limited in respect of additional monthly contributions paid to the defined benefit pension scheme to cover the shortfall in funding as recommended in the actuarial valuation at 31 March 2018. These additional top up contributions increase annually at a rate determined by the Retail Price Index and are required to address the Minimum Funding Requirement shortfall.

<b>6 Statutory information</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
<b>Operating profit is stated after charging</b>		
Expenses relating to short-term leases and leases of low-value assets	17	31
Depreciation – owned assets	405	562
Depreciation – right of use assets (note 11)	583	-
	<hr/>	<hr/>
<b>Auditor's remuneration</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
Audit of these financial statements	14	14
	<hr/>	<hr/>
Amounts receivable by the auditors and their associates in respect of:		
Other services relating to taxation	-	-
	<hr/>	<hr/>
<b>7 Net finance costs</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
Deposit interest receivable	-	(6)
Interest accrued on related party creditor	986	378
Interest on lease liabilities (note 11)	358	-
Finance income from sub-let right-of-use assets	(158)	-
	<hr/>	<hr/>
<b>Net finance costs</b>	<b>1,186</b>	<b>372</b>
	<hr/>	<hr/>

# Maybourne Hotels Limited

## Notes (continued)

### 8 Income taxes

<b>(a) Amounts recognised in profit or loss</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
<b>Current tax</b>		
UK corporation tax	-	-
Adjustment in respect of prior years	-	15
<b>Total current tax</b>	<b>-</b>	<b>15</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	114	79
Impact of change in tax rates	-	-
Adjustments in respect of prior periods	(13)	-
<b>Total deferred tax charge</b>	<b>101</b>	<b>79</b>
<b>Tax charge in the income statement</b>	<b>101</b>	<b>94</b>
<b>Reconciliation of tax charge</b>	<b>31 December 2019 £'000</b>	<b>31 December 2018 £'000</b>
Loss on ordinary activities before tax	(2,653)	(1,331)
Loss on ordinary activities before tax at the standard corporation tax rate in UK of 19.00% (2018: 19.00%)	(504)	(253)
Expenses not deductible for tax purposes	232	121
Impact of change in tax rates	(13)	(9)
Group relief surrendered/(received) not paid for	317	219
Transfer pricing adjustments	-	(1)
Adjustment to tax charge in respect of previous periods	(13)	15
Corporate interest restriction	82	-
Other differences	-	2
<b>Total tax charge</b>	<b>101</b>	<b>94</b>

### Factors which may affect future tax charges

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 17% (effective 1 April 2020) were substantively enacted on 26 October 2015 and 6 September 2016 respectively. The Company's deferred tax assets have therefore been measured at 17% at the balance sheet date. In March 2020, the UK Government substantively enacted legislation that reversed the planned decrease in the rate to 17% and maintained the rate at 19%. A remeasurement of the Company's closing deferred tax assets at the 19% rate, which is likely to be required in future periods, would result in a charge of £70,000.

# Maybourne Hotels Limited

## Notes (continued)

### 9 Property, plant and equipment

	Asset under course of construction £'000	Short leasehold properties £'000	Fixtures fittings, plant and machinery £'000	Total £'000
<b>Cost</b>				
At 31 December 2018	15	171	12,834	13,020
Additions	1,354	-	-	1,354
Reclassification	(975)	-	975	-
Disposals	-	-	(768)	(768)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2019</b>	<b>394</b>	<b>171</b>	<b>13,041</b>	<b>13,606</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Accumulated Depreciation</b>				
At 31 December 2018	-	171	11,809	11,980
Charge for the year	-	-	405	405
Disposals	-	-	(765)	(765)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2019</b>	<b>-</b>	<b>171</b>	<b>11,449</b>	<b>11,620</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
<b>At 31 December 2019</b>	<b>394</b>	<b>-</b>	<b>1,592</b>	<b>1,986</b>
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	15	-	1,025	1,040
	<hr/>	<hr/>	<hr/>	<hr/>

# Maybourne Hotels Limited

## Notes (continued)

### 10 Investments

Investment in subsidiary undertakings	2019 £'000	2018 £'000
<b>At cost and net book value</b>		
Balance at 1 January	868	868
Investment in subsidiary written off	(868)	-
	<hr/>	<hr/>
<b>Balance at 31 December</b>	-	868
	<hr/>	<hr/>

The following dormant companies were dissolved on 15 October 2019. The value of the company's investments in these subsidiaries was therefore written off in the period.

On 15 October 2019 the company received non cash dividends from these subsidiaries totalling £868,000.

Subsidiary undertaking	Country of incorporation	Activity	Shareholding
Centralglen Limited	Great Britain	Dormant company	100%
The Opheans Limited	Great Britain	Dormant company	100%
Headfort Hotel (Belgravia) Limited	Great Britain	Dormant company	*100%
Motcomb Trust Limited	Great Britain	Dormant company	*100%
The Worcester Building Company Limited	Great Britain	Dormant company	100%
James Edward Limited	Great Britain	Dormant company	100%
The Strand Power Company Limited	Great Britain	Dormant company	100%
Beaufort Construction Limited	Great Britain	Dormant company	100%
Stones Chop House Limited	Great Britain	Dormant company	100%
The Claridge's Hotel Laundry Limited	Great Britain	Dormant company	100%
Patrick Spitfire Limited	Great Britain	Dormant company	100%
BP&S (1906) Limited	Great Britain	Dormant company	100%
Q&M Limited	Great Britain	Dormant company	100%
Project Castle Limited	Great Britain	Dormant company	100%
Only G Limited	Great Britain	Dormant company	100%
Speed 6060 Limited	Great Britain	Dormant company	100%

\*Indirect shareholdings

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

# Maybourne Hotels Limited

## Notes (continued)

### 11 Leases

	Property £'000	Total £'000
<b>Right-of-use assets</b>		
Balance at 1 January 2019	295	295
Additions during the year	6,987	6,987
Accumulated Depreciation	(583)	(583)
<b>Balance at 31 December 2019</b>	<b>6,699</b>	<b>6,699</b>

<b>Finance lease assets</b>	<b>31 December 2019 £'000</b>
-----------------------------	---------------------------------------

Relating to sub lease of Right-of-use assets	4,878
----------------------------------------------	-------

<b>Lease liabilities</b>	<b>31 December 2019 £'000</b>
--------------------------	---------------------------------------

Balance at 1 January 2019	295
Additions during the year	12,164
Interest	358
Payments	(1,119)
<b>Balance at 31 December 2019</b>	<b>11,698</b>

Non-current	10,505
Current	1,193
<b>Balance at 31 December 2019</b>	<b>11,698</b>

<b>Amounts recognised in Profit or Loss</b>	<b>31 December 2019 £'000</b>
Interest on lease liabilities	(358)
Finance income from sub-let right-of-use assets	158
Depreciation of right of use assets	(583)
Expenses relating to short-term leases	(6)
Expenses relating to leases of low-value assets	(11)
<b>Total amount recognised in profit or loss</b>	<b>(815)</b>

# Maybourne Hotels Limited

## Notes (continued)

### 11 Leases (continued)

#### *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 2019. The weighted-average rate applied is 4.0%.

	2019 £'000
Operating lease commitments as at 31 December 2018	286
Weighted average incremental borrowing rate as at 1 January 2019	4.0%
Discounted operating lease commitments as at 1 January 2019	367
Less:	
Commitments relating to short-term leases	-
Commitments relating to leases of low-value assets	(72)
<b>Lease liabilities as at 1 January 2019</b>	<b>295</b>

#### *Commitments – 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.

	2019 £'000
Less than one year	1,655
Between one and five years	7,795
More than five years	6,045
	<b>15,495</b>

### 12 Debtors

	2019 £'000	2018 Restated £'000
Trade debtors	475	18
Amounts owed by group undertakings	110,490	103,870
Amounts owed by related parties	5,179	4,225
Other debtors	713	481
Corporation tax	289	-
Prepayments and accrued income	237	282
Other taxes and social security	2,701	2,132
	<b>120,084</b>	<b>111,008</b>

All amounts are due within one year.

# Maybourne Hotels Limited

## Notes (continued)

<b>13 Creditors:</b> amounts falling due within one year	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
Trade creditors	<b>1,970</b>	437
Amounts owed to group undertakings	<b>79,492</b>	101,708
Amounts owed to subsidiary undertaking	-	868
Amounts owed to related party	<b>1,432</b>	605
Amounts owed to parent undertakings	<b>42,575</b>	17,368
Other taxes and social security	<b>244</b>	172
Other creditors	<b>64</b>	118
Accruals and deferred income	<b>2,184</b>	1,659
	<hr/>	<hr/>
	<b>127,961</b>	122,935
	<hr/>	<hr/>

## 14 Deferred tax assets and liabilities

### *Recognised deferred tax assets and liabilities*

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
At 1 January	<b>700</b>	779
Charged to profit and loss	<b>(101)</b>	(79)
	<hr/>	<hr/>
At 31 December	<b>599</b>	700
	<hr/>	<hr/>

Deferred tax assets and liabilities are attributable to the following:

	<b>Assets</b> <b>2019</b> <b>£'000</b>	<b>Assets</b> <b>2018</b> <b>£'000</b>	<b>Liabilities</b> <b>2019</b> <b>£'000</b>	<b>Liabilities</b> <b>2018</b> <b>£'000</b>
Property, plant and equipment	<b>(591)</b>	(700)	-	-
Tax value of losses carried forward	-	-	-	-
Other temporary differences	<b>(8)</b>	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net deferred tax (assets)/liabilities</b>	<b>(599)</b>	(700)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

# Maybourne Hotels Limited

## Notes (continued)

<b>15 Called up share capital</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
<i>Authorised, called up, allotted and fully paid</i>		
1,000,000 "A" ordinary shares of 10p each	<b>100</b>	100
500,000 "B" ordinary shares of 10p each	<b>50</b>	50
	<hr/>	<hr/>
	<b>150</b>	150
	<hr/>	<hr/>

Shares rank equally, except with respect to shareholder rights to dividends and return on capital, where "A" shares are worth 10,000 times more those of "B" shares.

<b>16 Capital commitments</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
Capital commitments (Fixtures and fittings, plant and machinery):		
Contracted but not provided for in the accounts	<b>103</b>	-
	<hr/>	<hr/>

## 17 Related party disclosures

The Company is exempt under the provisions of IAS 24 *Related Party Disclosures* from disclosing related party transactions entered into with other 100% owned members of the same group of which it is a member.

At 31 December 2019 an amount of £431,000 (2018: £293,000) remains due from Cottage Linen Limited in relation to the acquisition of the company by a common director.

At 31 December 2019 an amount of £4,748,000 (2018: £3,316,000) remains due from and an amount of £481,000 (2018: nil) remains due to companies that until 12 December 2017 formed part of the same group. They represent intercompany balances related to various business matters of the group. These entities are related parties by way of common directors, partnership members or other key management personnel.

# Maybourne Hotels Limited

## Notes (continued)

### 17 Related party disclosures (continued)

Related party		Opening balance 31/12/2018	Reclassi- fication 31/12/2018	Loans (received)/ advanced	Sales	Purchases	Payments	Closing balance 31/12/2019
Asset/(liability)	Relationship	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cottage Linen Limited	Common director	293	-	138	-	-	-	431
Coroin Limited	Common key management personnel	22	951	-	138	-	(973)	138
Claridge's Hotel Limited	Common director	3,115	606	-	3,620	-	(3,721)	3,620
Claridge's Hotel Holding Limited	Common director	11	-	-	78	-	(11)	78
41-43 Brook Street LLP	Common director / partnership member	168	-	-	912	-	(168)	912
		<b>3,609</b>	<b>1,557</b>	<b>138</b>	<b>4,748</b>	<b>-</b>	<b>(4,873)</b>	<b>5,179</b>
Hume Street Management Consultants Limited	Common director	-	(951)	-	-	(5,000)	5,000	(951)
Claridge's Hotel Limited	Common director	-	(606)	-	-	(481)	606	(481)
Selene S.A.R.L.	Parent	(17,368)	0	(25,207)	-	-	-	(42,575)
		<b>(17,368)</b>	<b>(1,557)</b>	<b>(25,207)</b>	<b>-</b>	<b>(5,481)</b>	<b>(5,606)</b>	<b>(44,007)</b>

The amounts owed to and from certain related parties at 1 January 2019 were reclassified in order better represent the amount owed to and from the counterparty. As a result of this reclassification the amounts due from Coroin Limited and Claridge's Hotel Limited at 1 January 2019 have increased by £951k and £606k respectively and the amounts owed to Hume Street Management Consultants Limited and Claridge's Hotel Limited have also increased by £951k and £606k respectively. These reclassifications have no impact on the income statement.

### 18 Pensions and similar obligations

Maybourne Hotels 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 17 employees (2018: 14 employees) are funded through this scheme. The defined contribution pension cost for the year amounted to £82,849 (2018: £57,665). To comply with the law, the Company auto-enrolled all employees who are not members of any pension scheme from 1 April 2014 – autoenrolment stakeholder pension scheme. 67 employees were auto-enrolled in 2019 (2018: 45 employees) with a cost for the year of £87,234 (2018: £37,871). The Company actively encourages staff to join the scheme as it believes that it is an important element of the remuneration package.

# Maybourne Hotels Limited

## Notes *(continued)*

### **18 Pensions and similar obligations *(continued)***

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.

It was agreed that obligations in respect of the Scheme would be allocated between Coroin Limited and Claridge's 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's sister company and the principal employer for the Selene employers.

The defined benefit liability for the Selene employers is disclosed fully in the accounts of The Berkeley Hotel Limited. In prior years it was fully disclosed in the consolidated accounts of Coroin Limited.

# Maybourne Hotels Limited

## Notes (continued)

### 18 Pensions and similar obligations (continued)

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 deficit and the overall Group contributions have been capped at £338,333 a month (2018: £345,906 a month). At 31 December 2019 this deficit, calculated in accordance with IAS 19, amounted to £4.13 million (31 December 2018: deficit of £1.46 million), split between Coroin Limited £2.12 million and The Berkeley Hotel Limited £2.01 million. Full details of the scheme are disclosed in the accounts of Coroin Limited and The Berkeley Hotel Limited.

### 19 Ultimate parent company

The company's ultimate parent company and controlling party is Prime Capital S.A., a company incorporated in Luxembourg. This is the largest group in which the results of the company are consolidated.

The ultimate controlling party is His Excellency Sheikh Hamad Bin Jassim Bin Jaber Al Thani.

Selene Midco 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

On 11 March 2020, the World Health Organization raised the public health emergency caused by the outbreak of the coronavirus (COVID-19) to an international pandemic. The rapid evolution of events, nationally and internationally, represents an unprecedented health crisis, which will impact the macroeconomic environment and the operation of the hotels the Company manages. The UK government restrictions led to the unprecedented decision to close the three hotels managed by the Company, namely The Berkeley Hotel, The Connaught Hotel and Claridge's Hotel, on 24 March 2020. The Berkeley Hotel, The Connaught Hotel and Claridge's Hotel subsequently reopened on 4 July 2020, 14 July 2020 and 7 September 2020 respectively. All three hotels managed by the Company continued to operate despite restrictions due to the second lockdown introduced by the UK government for the period from 5 November 2020 to the date of signing these accounts.

Whilst as of the date of this report, certain global regions have begun to see recovery in operations after the pandemic, COVID-19 may have a detrimental impact on the results of the Company for some time to come. Given the complexity of the pandemic and its rapid evolution, it is not practicable as of the date of approval of these financial statements to make a reliable quantified estimate of its potential impact on the Company. Any such impact will be reflected in the financial statements for the year ending 31 December 2020 and is considered to be a non-adjusting post balance sheet event for the year ending 31 December 2019. There were no other events subsequent to the balance sheet date that require adjustment to or disclosure in the financial statements.