

# Waldorf Hotel Investment Limited

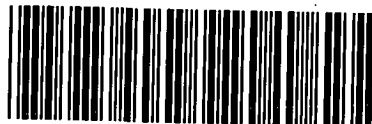
Report and Financial Statements

Year Ended

31 December 2022

Company Number 04216905

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# Waldorf Hotel Investment Limited

## Report and financial statements for the year ended 31 December 2022

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### Directors

Mrs S Jetha  
Mrs N Esmail

### Registered office

14 Chester Terrace, London, NW1 4ND

### Company number

04216905

### Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

# Waldorf Hotel Investment Limited

## Strategic report for the year ended 31 December 2022

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2022.

### Principal activity

The principal activity of the company is the rental of investment property.

### Trading review

Turnover, comprising rent from the investment property, amounted to £8,846,000 (2021 - £1,351,000). After interest payable of £8,622,000 (2021 - £8,622,000), administrative expenses of £47,000 (2021 - £51,000) and a fair value adjustment of 12,400,000 (2021 - Nil), the profit on ordinary activities before tax amounted to £12,577,000 (2021 - loss of £7,322,000).

Rent is receivable from the tenant, a major international hotel group, under a rental agreement which linked to the performance of the hotel, specifically EBITDA. The Company's tenant had made overpayments of rent on account of not observing a minimum rental guarantee cap that has been exceeded in earlier years, specifically in 2020/21, during the height of Covid-19. However, as at 31 December 2022, all overpayments have been applied to 2021 and 2022 rentals and so rents due for 2023 onwards will be receivable again in cash.

The company is financed by Choicezone Limited, its immediate parent company. The parent's bank loan facility dated 29 October 2013 is secured on the company property and is repayable in instalments up to October 2028.

The group's investment property was carried at a valuation of £217,200,000 at 31 December 2022 (2021 - £204,800,000) as detailed in note 7.

### Future developments

The directors intend to drive the development of the company through performance related elements of the rental income and reduction of the company's interest costs.

### Principal risks and uncertainties

As the company and its parent are dependent on the underlying trading of the hotel, with assets leveraged by third party borrowing, the principal risks of the entity are as follows:

- the ongoing impacts the Brexit;
- the wider economic conditions that are having an impact on supply chain and human capital availability;
- the ongoing conflict in Ukraine
- exposure to rising interest rates and the impact this has on debt service at its immediate parent company level; and
- compliance with covenants at the immediate parent company level and the impacts this may have on liquidity.

Beyond these immediate challenges, the hotel market is expected to remain competitive and will need to be highly responsive to changes in economic conditions. However, the company has historically performed well, has made a satisfactory return to trading under the circumstances, and fundamentally hold a prime location with a focused management team. The company seeks to manage the risk of losing customers to key competitors by the provision of higher than ordinary service levels coupled with the exciting environment of the hotel property. The company engages a full service level sales and account management team to work closely with key clients around the world who are important to the continued success of the hotel.

The company's going concern assumption is detailed in Note 1.

# Waldorf Hotel Investment Limited

Strategic report  
for the year ended 31 December 2022 (*continued*)

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## Going concern

The directors acknowledge that there remains uncertainty with regard to ongoing consumer behaviour with regard to national and international business and leisure travel and are mindful of the principal risks impacting on the business brought about by wider economic conditions.

Based on base-case and sensitised forecasts and forecast performance against the terms of the company's immediate parent's bank facilities, the directors have not identified a material uncertainty with regard to going concern and have concluded that it remains appropriate to prepare these financial statements on a going concern basis.

Further information in this regard is provided in note 1 including the basis on which the board have concluded that it remains appropriate to prepare the financial statements on a going concern basis.

## Financial instruments

Exposure to movements in interest rates is reviewed regularly by the directors.



Various financial instruments such as loans and trade creditors arise directly from the company's operations.

Operations are generally financed by a mixture of retained profits and intercompany loans. Generally acquisitions and working capital requirements are funded principally out of short and longer term banking facilities provided at immediate parent company level and retained profits.

The directors do not consider that exchange risk is material, as the majority of the company's transactions are denominated in sterling.

On behalf of the board

Mrs S Jetha  
Director



Date 15.12.2023

# Waldorf Hotel Investment Limited

## Directors' report for the year ended 31 December 2022

The directors present their report together with the audited financial statements for the year ended 31 December 2022.

### Dividends

No dividend was paid during the year and the directors do not recommend the payment of a final dividend (2021 - £Nil).

### Directors

The directors of the company during the year were:

Mrs S Jetha  
Mrs N Esmail

### Other information

An indication of likely future developments in the business have been included in the strategic report on page 1.

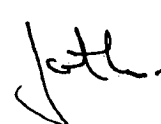
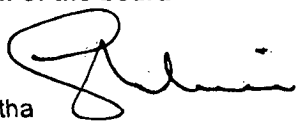
### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

### On behalf of the board

Mrs S Jetha  
Director



Date 15.12.2023

# Waldorf Hotel Investment Limited

## Directors' responsibilities statement for the year ended 31 December 2022

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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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Waldorf Hotel Investment Limited

## Independent auditor's report

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### TO THE MEMBERS OF WALDORF HOTEL INVESTMENT LIMITED

#### In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of the Company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Waldorf Hotel Investment Limited (the 'Company') for the year ended 31 December 2022, which comprise the statement of profit and loss and other comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

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.

#### Conclusions related to going concern

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

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

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

# Waldorf Hotel Investment Limited

## Independent auditor's report (continued)

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the 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 by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of Directors

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

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

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

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



# Waldorf Hotel Investment Limited

## Independent auditor's report (continued)

### *Extent to which the audit was capable of detecting irregularities, including fraud*

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

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations applicable to the Company. These included but not limited to those that relate to the form and content of the financial statements, such as the Company's accounting policies, UK accounting standards and the Companies Act 2006, and relevant taxation legislation.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation and the Bribery Act 2010.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

### *Fraud*

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls, of which the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates, and improper revenue recognition.

Our procedures in respect of the above included, but not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant estimates made by management for bias, in particular in relation to accrued and deferred income; revenue transactions around the year end and the inclusion of revenue in the correct accounting period, the carrying value of trading hotels and potential impairments thereof, and the presentation of bank loan liabilities as current or non-current; and

# Waldorf Hotel Investment Limited

## Independent auditor's report (continued)

- Identifying and testing a sample of journal entries, which met a defined risk criterion, by agreeing to supporting documentation, in particular journals with unexpected characteristics, high value journals around the year end, journal entries posted with specific keywords, and the profile of users posting manual journals.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.

DocuSigned by:

*Ian Clayden*

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Ian Clayden (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK

Date 17 December 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Waldorf Hotel Investment Limited

## Profit and loss and other comprehensive income for the year ended 31 December 2022

|   | Note | 2022<br>£'000 | 2021<br>£'000  |
|---|------|---------------|----------------|
| Turnover  | 2    | 8,846         | 1,351          |
| Administrative expenses                                     |      | (47)          | (51)           |
| <b>Operating profit</b>                                     |      | <b>8,799</b>  | <b>1,300</b>   |
| Fair value adjustment of investment property                | 7    | 12,400        | -              |
| Interest payable and similar charges                        | 5    | (8,622)       | (8,622)        |
| <b>Profit/(loss) on ordinary activities before taxation</b> |      | <b>12,577</b> | <b>(7,322)</b> |
| Taxation on loss on ordinary activities                     | 6    | (913)         | 1,867          |
| <b>Profit/ (loss) for the financial year</b>                |      | <b>11,664</b> | <b>(5,455)</b> |

All amounts relate to continuing activities.

There have been no items of other comprehensive income in any period presented.

The notes on pages 11 to 18 form part of these financial statements.

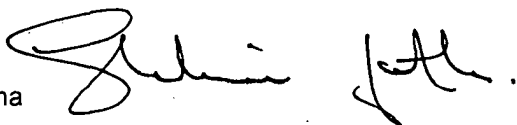
# Waldorf Hotel Investment Limited

## Balance sheet at 31 December 2022

| <i>Company number 04216905</i>  | Note | 2022<br>£'000 | 2022<br>£'000    | 2021<br>£'000 | 2021<br>£'000    |
|---|------|---------------|------------------|---------------|------------------|
| <b>Fixed assets</b>   |      |               |                  |               |                  |
| Investment property   | 7    |               | 217,200          |               | 204,800          |
| <b>Current assets</b>   |      |               |                  |               |                  |
| Debtors (due after more than one year £1,308,000 (2021 - £2,221,000)) | 8    | 1,308         |                  | 2,221         |                  |
|   |      | <u>1,308</u>  |                  | <u>2,221</u>  |                  |
| <b>Creditors: amounts falling due within one year</b>                 | 9    | 169,823       |                  | (170,000)     |                  |
| <b>Net current liabilities</b>  |      |               | <u>(168,515)</u> |               | <u>(167,779)</u> |
| <b>Net assets</b>   |      |               | <u>48,685</u>    |               | <u>37,021</u>    |
| <b>Capital and reserves</b>   |      |               |                  |               |                  |
| Called up share capital   | 11   |               | 6,598            |               | 6,598            |
| Share premium   |      |               | 6,000            |               | 6,000            |
| Retained earnings   |      |               | 36,087           |               | 24,423           |
|   |      |               | <u>48,685</u>    |               | <u>37,021</u>    |

The financial statements were approved by the Board of Directors and authorised for issue on 15.12.2023

Mrs S Jetha  
Director



The notes on pages 11 to 18 form part of these financial statements.

# Waldorf Hotel Investment Limited

## Statement of changes in equity for the year ended 31 December 2022

|  | Share<br>capital<br>£'000 | Share<br>premium<br>£'000 | Retained<br>earnings<br>£'000 | Total<br>equity<br>£'000 |
|--|---------------------------|---------------------------|-------------------------------|--------------------------|
| <b>Balance at 1 January 2022</b>               | 6,598                     | 6,000                     | 24,423                        | 37,021                   |
| <b>Comprehensive income for the year</b>       |                           |                           |                               |                          |
| Loss for the year                              | -                         | -                         | 11,664                        | 11,664                   |
| <b>Total comprehensive income for the year</b> | -                         | -                         | 11,664                        | 11,664                   |
| <b>Balance at 31 December 2022</b>             | 6,598                     | 6,000                     | 36,087                        | 48,685                   |
|  |                           |                           |                               |                          |
|  | Share<br>capital<br>£'000 | Share<br>premium<br>£'000 | Retained<br>earnings<br>£'000 | Total<br>equity<br>£'000 |
| <b>Balance at 1 January 2021</b>               | 6,598                     | 6,000                     | 29,878                        | 42,476                   |
| <b>Comprehensive income for the year</b>       |                           |                           |                               |                          |
| Loss for the year                              | -                         | -                         | (5,455)                       | (5,455)                  |
| <b>Total comprehensive income for the year</b> | -                         | -                         | (5,455)                       | (5,455)                  |
| <b>Balance at 31 December 2021</b>             | 6,598                     | 6,000                     | 24,423                        | 37,021                   |

The notes on pages 11 to 18 form part of these financial statements.

# Waldorf Hotel Investment Limited

## Notes forming part of the financial statements for the year ended 31 December 2022

### 1 Accounting policies

Waldorf Hotel Investment Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 04216905 and the registered address is 14 Chester Terrace, London, NW1 4ND.

These company 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 sterling. 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 years presented in these financial statements.

#### *Parent company disclosure exemptions*

The Company's parent undertaking, Choicezone Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Choicezone Limited are available to the public and may be obtained from Company's House. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key management personnel compensation.

As the consolidated financial statements of Choicezone Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

#### *Measurement convention*

The financial statements are prepared on the historical cost basis except that the investment property is stated at fair value.

#### *Going concern*

Although the impacts of Coronavirus carried forward into early 2022, these financial statements reflect the return to more normal trading subsequent to such impacts, which has seen occupancy levels return faster than many originally predicted and higher than expected room rates. However, the directors acknowledge that there remains significant uncertainty with regard to ongoing consumer behaviour with regard to national and international business and leisure travel.

However, with the principal expense of the Company being interest payable to its parent, Choicezone Limited, and with the companies collectively forecasting to have sufficient cash available to continue to meet bank interest payable over the going concern period, the directors are satisfied that it remains appropriate to continue to prepare the financial statements on a going concern basis. The Company has assurances from its parent that interest on intercompany loans will not be payable until such time as the company has sufficient income to make such payments.

# Waldorf Hotel Investment Limited

## Notes forming part of the financial statements for the year ended 31 December 2022

### 1 Accounting policies

#### *Going concern (continued)*

The company's immediate parent company, and therefore the Company, is dependent on the bank facilities available to that company that, at the year-end, amounted to £90.4m (2021 - £91.8m), were subject to three principal financial covenants and were due to expire in October 2028. The parent company forecasts to continue to have sufficient funds to continue to make principal and interest repayments for not less than 12 months from the date of approval of the financial statements.

As was referred to in the prior year financial statements, the Company's tenant had made overpayments of rent on account of not observing a minimum rental guarantee cap that has been exceeded in earlier years, specifically in 2020/21, during the height of Covid-19. However, as at 31 December 2022, all overpayments have been applied to 2021 and 2022 rentals and so rents due for 2023 onwards will be receivable again in cash.

The parent company's base case and sensitised forecasts show sufficient liquidity for continued debt service and compliance with the hotel loan to value covenant and yield to debt covenant throughout a period of not less than 12 months from the date of approval of these financial statements.

The board note that, with a hotel asset valued in excess of £217m, loan to value remains in a sustainable position.

The Company's relationships with its shareholders and bankers remain positive and the directors are confident that the Company will be able to respond to changes in circumstances over the forthcoming period and will remain a going concern for a period of not less than 12 months from the date of approval of these financial statements. The directors have therefore concluded that it remains appropriate to continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements do not contain adjustments that might be required should the going concern assumption not be appropriate.

As noted in the principal risks and uncertainties section of the strategic report, the company, and wider group, are impacted by high inflation, increasing interest rates, wider economic conditions; foreign currency fluctuations; supply chain inflation and delays; utility price inflation; human capital constraints; the ongoing impact of Brexit and the ongoing conflict in Ukraine, and changes to government regulations including legislation on employees (principally minimum wage and levies), environmental and health and safety.

#### *Investment properties*

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition Investment property is carried at fair value determined periodically by external valuers, and in intervening periods by the directors, derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the consolidated statement of comprehensive income.

#### *Turnover*

Turnover, which is attributable to the continuing activity and which arises only in the United Kingdom, represents sales to outside customers at invoiced amounts less value added tax. Turnover represents rental income charged to the hotel operator.

Rental income is credited to the profit and loss account as it accrues. Rents related to EBITDA performance of the hotel are recognised in accordance with the contract and when the hotel performance is such that the amounts are due.

# Waldorf Hotel Investment Limited

## Notes forming part of the financial statements for the year ended 31 December 2022 (*continued*)

### 1 Accounting policies (*continued*)

#### *Basic financial instruments*

##### *Trade and other debtors and creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus 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.

##### *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.

##### *Expenses*

##### *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 and unwinding of the discount on provisions.

Other interest receivable and similar income include interest receivable on funds invested.

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.

##### *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 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. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. 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.



# Waldorf Hotel Investment Limited

Notes forming part of the financial statements  
for the year ended 31 December 2022 (continued)

## 1 Accounting policies (continued)

### Taxation (continued)

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply if any to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset. Deferred tax balances are not discounted.

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

### Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine the fair value of investment property. See note 7.
- Determine the measurement and timing of release of deferred revenue to revenue.
- Considering the going concern status of the company

The directors do not consider that there are any other key judgements or material estimates.

## 2 Turnover

Turnover is wholly attributable to the principal activity of the company, rental income from investment property, and arises solely within the United Kingdom.

|                | 2022<br>£'000 | 2021<br>£'000 |
|----------------|---------------|---------------|
| Rental income  | 8,846         | 1,351         |
| Total turnover | 8,846         | 1,351         |

## 3 Employees

The company had no employees during the year (2021 - Nil).

The directors received no remuneration during the year (2021 - £Nil).

## 4 Auditor's remuneration

|                                     | 2022<br>£'000 | 2021<br>£'000 |
|-------------------------------------|---------------|---------------|
| Audit of these financial statements | 27            | 21            |

# Waldorf Hotel Investment Limited

Notes forming part of the financial statements  
for the year ended 31 December 2022 (continued)

## 5 Interest payable and similar charges

|                               | 2022<br>£'000 | 2021<br>£'000 |
|-------------------------------|---------------|---------------|
| Interest on intercompany loan | 8,622         | 8,622         |
| Total interest                | 8,622         | 8,622         |

## 6 Taxation on loss on ordinary activities

|  | 2022<br>£'000 | 2021<br>£'000 |
|--|---------------|---------------|
| <i>UK corporation tax</i>                      |               |               |
| Current tax on loss of the year                | -             | 238           |
| <i>Deferred tax</i>                            |               |               |
| Movement on deferred taxation                  | (913)         | (2,069)       |
| Remeasurement of opening deferred tax balances | -             | (36)          |
| Taxation on profit on ordinary activities      | (913)         | (1,867)       |

The tax assessed for the year differs to the profit on ordinary activities at the standard rate of corporation tax in the UK. The differences are explained below:

|  | 2022<br>£'000 | 2021<br>£'000 |
|--|---------------|---------------|
| Profit/(loss) on ordinary activities before taxation   | 12,577        | (7,322)       |
| Total tax expense  | (913)         | 1,867         |
| Profit for the year  | 11,664        | (5,455)       |
| Profit on ordinary activities at the standard rate of<br>Corporation tax in the UK of 19% (2021 - 19%) | 2,390         | (1,391)       |
| Effects of:  |               |               |
| Income not chargeable to tax   | (2,356)       | -             |
| Capital allowances claim   | (17)          | -             |
| Adjustments in respect of prior years  | -             | 238           |
| Group relief surrendered   | 660           | 648           |
| Remeasurement of deferred tax for changes in rates   | -             | (533)         |
| Movement in deferred taxation  | 236           | (829)         |
| Total tax charge included in profit and loss   | 913           | (1,867)       |

# Waldorf Hotel Investment Limited

Notes forming part of the financial statements  
for the year ended 31 December 2022 (*continued*)

## 6 Taxation on loss on ordinary activities (*continued*)

### *Factors affecting future tax charge*

The substantively enacted tax rate remained at 25% as at the Balance Sheet date.

Per the Finance Bill 2021, the corporation tax rate will increase to 25% with effect from 1 April 2023. For profits up to £50,000, the corporation tax rate will remain at 19% and for profits over £250,000, the corporation tax rate will be 25%. Marginal relief provisions will also be introduced for profits between the lower and upper limits.

## 7 Investment property

|   | 2022<br>£'000 | 2021<br>£'000 |
|---|---------------|---------------|
| <b>Long leasehold</b>                       |               |               |
| At 1 January                                | 204,800       | 204,800       |
| Fair value adjustment of land and buildings | 12,400        | -             |
|   | <hr/>         | <hr/>         |
| At 31 December                              | 217,200       | 204,800       |
|   | <hr/>         | <hr/>         |

The investment property was valued by CBRE Hotels Limited at £217,200,000 as at 21 October 2022, being a valuation that the directors believe is applicable to 31 December 2022. That valuation was carried out in accordance with the RICS Valuation - Professional Standards, incorporating the International Valuation Standards ('the Red Book', March 2012) issued by the Royal Institution of Chartered Surveyors on the basis of Market Value. At 31 December 2022, management reviewed the valuation dated 21 October 2022 and have reflected this valuation in the accounts.

The historical cost of the investment property to the group is £ 184,142,000.

# Waldorf Hotel Investment Limited

Notes forming part of the financial statements  
for the year ended 31 December 2022 (continued)

|  |                |                |
|--|----------------|----------------|
| <b>8 Debtors</b>   | <b>2022</b>    | <b>2021</b>    |
|  | <b>£'000</b>   | <b>£'000</b>   |
| Deferred tax assets (note 10)                              | 1,308          | 2,221          |
|  | <u>1,308</u>   | <u>2,221</u>   |
| Due within one year  | -              | -              |
| Due after more than one year - deferred taxation (note 10) | 1,308          | 2,221          |
|  | <u>1,308</u>   | <u>2,221</u>   |
| <b>9 Creditors: amounts falling due within one year</b>    | <b>2022</b>    | <b>2021</b>    |
|  | <b>£'000</b>   | <b>£'000</b>   |
| Accruals and deferred income                               | 2,148          | 8,805          |
| Corporation tax (note 6)                                   | -              | -              |
| Loans from parent company (note 13)                        | 167,675        | 161,195        |
|  | <u>169,823</u> | <u>170,000</u> |

The loan from the parent company, that includes unpaid interest accrued in the period, is repayable on demand under the terms of the facility. However, the parent company has provided confirmation that the loan will not be repayable within the next twelve months from the date of signing the financial statements unless the company has sufficient funds. Interest at the rate of 5.44% is chargeable on the underlying loan amount.

Accruals and deferred income include deferred income (rent receivable in advance) of £2,148,000 (2021 - £8,805,000).

The base rent receivable from the company's tenant is subject to a reduction where an aggregate set percentage of hotel operating EBITDA falls below a prescribed level of cumulative base rent. Based on EBITDA data provided by the tenant, this may have occurred during the prior year on account of the impacts of the Covid-19 pandemic. As a result brought forward overpayments made by the tenant of £8,805,000 (2021: £10,155,000) have been applied to 2022 rental income (2021: £1,351,000).

# Waldorf Hotel Investment Limited

Notes forming part of the financial statements  
for the year ended 31 December 2022 (*continued*)

## 10 Deferred tax asset

|                                     | Deferred tax<br>£'000 |              |
|-------------------------------------|-----------------------|--------------|
| At 1 January 2022                   | 2,221                 |              |
| Increase in the year                | (913)                 |              |
| <b>At 31 December 2022</b>          | <b>1,308</b>          |              |
| At 1 January 2021                   | 116                   |              |
| Increase in the year                | 2,105                 |              |
| At 31 December 2022                 | 2,221                 |              |
| Represented by:                     | <b>2022</b>           | <b>2021</b>  |
|                                     | <b>£'000</b>          | <b>£'000</b> |
| Accelerated capital allowances      | 103                   | 125          |
| Non loan relationship trade deficit | 1,205                 | 2,096        |
|                                     | <b>1,308</b>          | <b>2,221</b> |

A potential deferred tax asset pertaining to the carrying value of investment property below tax base cost of £4,575k has not been recognised due to uncertainty over future taxable profits against which this could be utilised.

## 11 Share capital

|   | <b>2022</b>  | <b>2021</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| <i>Allotted, called up and fully paid</i> |              |              |
| 6,598,001 ordinary shares of £1 each      | 6,598        | 6,598        |

## 12 Ultimate controlling interest

At 31 December 2022, the company's ultimate parent company was Burlington Investment Limited incorporated in Jersey, which is the parent of the smallest and largest group of which the company is a member. The company's immediate parent company is Choicezone Limited, the smallest group of which the company is a member. Shelina Jetha, Nimet Esmail and the Burlington Trust equally own shares in the company. There is no ultimate controlling party. Copies of the consolidated financial statements of Choicezone Limited are available from Companies House.

## 13 Related party transactions

The company has amounts payable to its parent company, Choicezone Limited of £167,675,000 (2021 - £161,195,000).