The Charing Cross Hotel Limited

Annual report and financial statements

Registered number 04346400

30 June 2023

Contents

Strategic Report

The directors present their Strategic Report for the year ended 30 June 2023.

Company status and principal activity

The Charing Cross Hotel (London) Limited ("the Company") is a private company, limited by shares domiciled and registered in England. The principal activity of the Company is the operation of a hotel in the UK.

Review of the business

In the year ended 30 June 2023, the Company delivered a total revenue performance ahead of pre-pandemic levels, driven by the continued recovery in occupancy levels and the benefit of higher average room rates. Rooms sold growth in the year was supported by strong international and domestic demand. The business capitalised on significant increases in average room rates which were driven by the strong demand and also price increases around key events in the year. The Company also saw market-wide challenges on the availability of labour, high energy prices, inflation and interest rates. However, despite these challenges, management has maintained tight cost base control and taken together with the revenue performance, delivered a strong improvement to profitability.

The results for the year ended 30 June 2023 show a £9,199,000 increase in revenue as the London hotel market showed a strong recovery and growth through the year.

Expenses for the year ended 30 June 2023 show a £4,304,000 increase compared to the previous financial year. Employee costs had the biggest increase of £1,329,000, as average monthly team members increased by 39 and salary increases during the year which were partly driven by National Minimum Wage rate changes. Direct expenses increased by £696,000 and management fees by £1,067,000 respectively, due to higher levels of customers in the year resulting in more revenue. The Company also received and recognised business interruption insurance claim income of £576,000 (2022: £690,000), which is disclosed under other income in the Statement of Profit and Loss and Other Comprehensive Income.

The above has resulted in an overall profit before tax for the year of £7,867,000 (2022: £2,750,000).

The Key Performance Indicators (KPIs) used to measure trading performance of the hotel are occupancy percentage, average room rate (ARR) and revenue per available room (RevPAR).

KPIs: Movement vs. prior year	**Year ended 30 June 2023**	Year ended 30 June 2022
Occupancy (percentage points)	**29.0%**	46.5%
Average room rate (ARR)	**22.2%**	174.7%
Revenue per available room (RevPAR)	**89.0%**	2,137.7%

Strategic Report *(continued)*

Engaging with our stakeholders (section 172(1) statement)

The directors have a duty to promote the success of the Company for the benefit of its members as a whole, having regard to the interests of our customers, our people, our relationship with our suppliers and the impact of our operations on the communities in which we operate, and to ensure that we maintain a reputation for high standards of business conduct.

Our key stakeholders are our customers, team members, landlord and the community and environment. All key Company decisions consider the impact on relevant stakeholders. Increasingly, stakeholders are looking to understand our performance across multiple areas, including products and services, innovation, governance and workplace practices. The Company endeavours to gain an understanding of the perceptions and attitudes of each stakeholder group and the weight they give to different issues. Where the views of the different stakeholder groups do not align, the Company must decide on the best course to promote the Company's long-term success.

Customers

Customers are the core focus of our business. We strive to deliver outstanding customer experiences in order to build long-term and sustainable relationships. Key issues for our customers include high quality service which meets their high expectations and competitive pricing.

Team members

As a service organisation, our team members are critical to our business. We ensure our people are engaged and empowered to deliver the best service for our customers and be happier themselves.

As part of the Clermont Group (Cayman) Limited Group ("the Group"), the Company strives to ensure our team members maintain and embody the Group values. Our values encourage team members to:

- Be ***bold*** in our decisions, our actions, and our aspirations.
- Be ***adaptable*** by embracing change and planning for the expected and the unexpected.
- Be ***real*** through sharing feedback and ideas, and always being open and honest.

We will be conducting a thorough survey via Great Place to Work. We hope this will lead to Great Place to Work certification. It's the most definitive "employer-of-choice" recognition and the only recognition based entirely on what employees report about their workplace experience.

See Employee matters section in the Directors' report for further information on how we engage with our team members.

Landlord

The location and quality of the Company's hotel underpins our business and is fundamental to the service we provide. A good relationship with the landlord of our property is pivotal to ensure our property is maintained to a high standard, offers a compelling offering to our guests and supports the long-term growth strategy of the Company.

Community and Environment

The Group hosts and encourages involvement in a number of events throughout the financial year, partnering with charities and fund raising exercises which aim to have a positive impact on the community in which we operate.

The environment is a priority for the Group. The Group has an ESG Working Committee which is focussed on energy, water and waste consumption reduction. Initiatives include the reduction of single use plastics and introducing bulk toiletry amenities & bamboo key cards into some of the hotels with plans to roll out across the business.

The Group has achieved the Hotel Reservation Service BRB booking provider Stay Green Accreditation and ECOSmart Accreditations at 14 hotels, a certification recognising eco-friendly hotels embracing environmental sustainability. The certificate operates within the Global Sustainable Tourism Council framework, guidelines for which are determined by the UNSDGs and ISO14001.These achievements demonstrate Group's continued commitment to becoming a fully sustainable business and addressing its environmental footprint.

Strategic Report *(continued)*

Principal risks and uncertainties

Principal Risks	Mitigating Activities
Brand reputation The Company is reliant upon the reputation of the Clermont Hotel Group brands. Any event that materially damages the reputation of one or more of the brands and/or failure to sustain the appeal of the brands to its customers may have an adverse impact on subsequent revenues from that brand or related operation.	Each of the brands in our portfolio is designed to meet specific guest needs. The consistency of our brands is managed through the brand standard requirements. We continually review ways to increase awareness, deliver exceptional customer experiences and drive loyalty towards our brands. We are committed to conducting business in a responsible manner. We have put in place a set of internal policies and procedures, which are supported by training, monitoring and reporting.
Political or economic uncertainty The Company and the Group are exposed to the risk of adverse political or economic developments. The state of world economies and consumer confidence affect demand in the hospitality sector. Events in Ukraine represent an ongoing risk to the UK economy. There has been a direct impact on utility and energy prices, and these are likely to remain high in the short to medium term. Economic conditions remain uncertain, reflected in the UK inflation and interest rate increases. While the inflation rate has decreased recently, it remains significantly above the Bank of England target and interest rates are now expected to remain higher for longer. The resultant "Cost of Living crisis" is a very real issue for our guests, and this will continue to impact consumer confidence and behaviour in the coming months. The hospitality sector has been faced with a challenging shortfall of employee availability following the pandemic. This has adversely impacted cost of labour, with difficulties filling vacancies seen in some areas of the workforce. While the challenges of labour supply shortage have soften to an extent, they continue to present a risk to the operating model and the ability of the Group to deliver a great guest experience. If the challenges intensified, it could constrain occupancy. The Group is susceptible to fluctuations in major world currencies, which can impact business from global customers and cost of imports. The current year has seen the pound strengthen against the US dollar, potentially making the UK a less attractive market for inbound travellers. A negative impact on the Group's revenue and profitability will also have a direct impact on the valuation of property, plant and equipment and other areas that depend on forecasts.	The Group operates 3, 4 and 5 star hotels under a range of brands. These brands have been designed to have international appeal, and the customer base is not concentrated in any specific geographical region. Pricing strategy is under constant review and the Group can respond proactively to fluctuations in demand in order to optimise pricing. The Group retains a proactive focus on costs and the Group's Procurement team regularly review the risks associated in the Group's supply chain. This includes: - Joint business plans with key suppliers, to mitigate risks caused by currency fluctuations and potential changes in import procedures; - Implementation of risk management procedures including contingency planning; - Where there is a potential risk of increased costs in the supply chain due to a shortage of raw materials and/or manpower, price fixes/ price caps were negotiated; - For high-risk products, alternative suppliers and products have been identified and alternative menus developed for high risk products to ensure business continuity. The Group constantly reviews its approach to being a compelling employer choice for UK nationals and overseas nationals alike. This includes focusing on creating a great place to work, career development opportunities, employee engagement as well as competitive compensation and benefits, which are benchmarked against industry standards. A flexible staffing model has been employed in order to channel staff resource into the hotels and departments with the most demand, facilitated by multi-skilling of employees. The mix of agency staff vs employees is also optimised to support short term staffing requirements.

Strategic Report *(continued)*

Principal risks and uncertainties *(continued)*

Principal Risks	Mitigating Activities
Political or economic uncertainty *(continued)*	Regarding the potential negative impact on the value of property, plant and equipment, the short, medium and long term trading strategy are constantly reviewed by management to ensure revenue and profitability is maximised, as discussed above in the review of the business. The forecasts which inform the asset valuations are regularly reviewed, allowing management to identify any signs of impairment and take decisive action to protect asset value.
Treasury risk The Company's treasury activities are managed by the Group's treasury function. The Group is exposed to treasury risks relating to interest rates on overdrafts, counterparty credit and management of cash, to ensure all liabilities are met as they fall due. Cash management has been a heightened risk in recent years as a result of the COVID-19 pandemic and the reduced revenues and cash inflow, though this risk has reduced as the Group has returned to profitability and cash generation.	The Group's Treasury function manages both the activities of all operating companies within the Group and the Group's borrowings. Rolling cash flow forecasts are maintained by the Group to ensure sufficient headroom is maintained to meet all future liabilities. The Group's treasury activities, including the use of financial instruments, are overseen by Guoco Group Limited (Note 20).
Property risk Our properties underpin our business and performance is linked to the proper maintenance and upkeep of the hotels. Any significant damage or underinvestment may lead to disruption and could result in issues including leaks, out of order lifts, boiler and hot water system issues, air conditioning faults or building fabric problems. Improper maintenance leads to loss of revenue, through reduced rooms inventory and impacts brand reputation through lower guest satisfaction scores and reviews.	To ensure the estate is well maintained a rolling 5 year investment plan of fundamental property and maintenance expenditure is kept. The head count of the businesses property team has been increased during the year to support the delivery of all planned fundamental projects, to ensure the upkeep of the properties.

Strategic Report *(continued)*

Principal risks and uncertainties *(continued)*

Principal Risks	Mitigating Activities
Cyber risk The Group and Company, similar to all organisations, are exposed to the ongoing risk of cyber-attacks, and attempts to access systems, for example through phishing emails. There are risks of financial loss if systems are compromised, in particular through payments made to incorrect bank details, or loss of key system data.	The Group is continuously reviewing and improving systems to ensure this risk is managed. Mitigating activities include: 1) Network access control monitoring, conditional access policies, restricting who can gain access to our network, and who has permission to ensure they can only access the areas needed. The principle of least privilege principle is also employed and network segmentation to enhance security. 2) Systems are regularly reviewed to ensure versions are up to date with the latest security updates. Regular updates and patches are applied to keep software up to date with the latest security patches. 3) Multi-factor authentication is required to access systems to ensure our user accounts cannot easily be compromised. 4) Regular cybersecurity training for our staff to provide the knowledge to help identify potential threats. We also conduct quarterly simulated phishing campaigns to enhance awareness, with mandatory training for those compromised.

This report was approved by the board of directors and signed on its behalf by:

Richard Hutton
Director

31 October 2023

Co. registration no: 04346400

Directors' Report

The directors present their Directors' report and financial statements for the year ended 30 June 2023.

Result and dividends

The results for the year ended 30 June 2023 are set out in the Statement of Profit and Loss and Other Comprehensive Income on page 11. Profit after tax for the year was £6,267,000 (2022: £2,357,000). The increased profit before tax is explained in the Strategic Report on page 1. The Company's taxation charge for the year increased to £1,600,000 (2022: £393,000) predominantly due to increased profits in the year.

The directors have declared a dividend of £3,831,000 in the current financial year (2022: Nil) to the immediate parent company Clermont Hotel Group Limited.

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

Gavin Taylor
Cynthia Cheng
Jonathan Scott (appointed 5 December 2022, resigned 7 February 2023)
Chew Seong Aun (appointed 5 December 2022)
Richard Hutton (appointed 9 October 2023)

The directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Future Developments and Subsequent Events

The Directors expect to continue to see both occupancy and room rate increases, leading to improved business profitability and cash generation.

Going concern

After making due enquiries, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The basis of this assessment is detailed on page 15.

Employee matters

The Company's policy of providing team members with information about the Company and the Group has continued and regular meetings are held between management and team members to allow exchanges of information and ideas.

The Company gives every consideration to applications for employment by disabled persons where the requirements of the job may be adequately filled by a disabled person. Where existing team members become disabled, it is the Company's policy wherever practicable to provide continuing employment under similar terms and conditions and to provide training, career development and promotion wherever appropriate.

See Engaging with our stakeholders section in the Strategic report on page 2 for further information on how we engage with our team members.

Charitable Donations and Political contributions

The Company made no charitable donations or incurred any political expenditure during the year (2022: Nil).

Disclosure of information to auditor

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

Auditor

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

This report was approved by the board of directors and signed on its behalf by:

Richard Hutton
Director
31 October 2023
Co. registration no: 04346400

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the United Kingdom (IFRSs as adopted by the UK) 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 estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the UK;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CHARING CROSS HOTEL (LONDON) LIMITED

Opinion

We have audited the financial statements of The Charing Cross Hotel (London) Limited ("the Company") for the year ended 30 June 2023 which comprise the Statement of Profit and Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Company's financial statements is applicable law and International Financial Reporting Standards ("IFRS") as adopted by the UK.

In our opinion, the financial statements:

- give a true and fair view of the state of Company's affairs as at 30 June 2023 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with International Reporting Standards as adopted by the United Kingdom; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least 12 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.

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 Auditors' Report thereon. Our opinion on the financial statements for the year ended 30 June 2023 does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CHARING CROSS HOTEL (LONDON) LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of our 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 and 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 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 7, 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements for hotel and restaurant businesses, such as minimum wage and food hygiene regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006, income tax, payroll tax and sales tax.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CHARING CROSS HOTEL (LONDON) LIMITED (CONTINUED)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- inspecting correspondence with regulators and tax authorities;
- discussions with management and reviewing board minutes for indications of known or suspected instances of non-compliance with laws and regulation and fraud;
- evaluating management's controls designed to prevent and detect irregularities;
- reviewing sales either side of the year end to ensure that the income has been recognised in the correct financial period;
- identifying and testing journals, in particular journal entries posted with a round sum value, that significantly impact profit or contain key words; and
- challenging assumptions and judgements made by management in their critical accounting estimates, particularly in respect of their assessment of impairment of the carrying value of property, plant and equipment and the recoverability of receivables

Due to the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report
This report is made solely to the Company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

J Edwards

Jessica Edwards (Senior Statutory Auditor)
for and on behalf of Haysmacintyre LLP, Statutory Auditor
10 Queen Street Place
London
EC4R 1AG

Date: 31 October 2023

Statement of profit and loss and other comprehensive income
for the year ended 30 June 2023

	Note	Year ended 30 June 2023 £000's	Year ended 30 June 2022 £000's
Revenue	2	**20,878**	11,679
Depreciation	3	**(1,242)**	(1,282)
Loss on disposal		**-**	(22)
Management fees	17	**(2,241)**	(1,174)
Employee costs	4	**(4,121)**	(2,792)
Finance income	5	**349**	13
Property costs		**(2,093)**	(1,664)
Rooms commissions		**(977)**	(770)
Direct expenses		**(1,535)**	(839)
Food and beverage cost of sales		**(859)**	(493)
Maintenance and service charge		**(435)**	(304)
Rental costs		**(2)**	(2)
Insurance		**(113)**	(100)
Other income		**576**	690
Other costs		**(318)**	(190)
Profit before tax		**7,867**	2,750
Taxation charge	6	**(1,600)**	(393)
Profit for the year		**6,267**	2,357
Total other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**6,267**	2,357

The whole of the profit for each of the years noted above derives from continuing operations.

The accompanying notes on pages 15 to 31 form an integral part of these financial statements.

Statement of financial position
At 30 June 2023

	Note	30 June 2023 £000's	30 June 2022 £000's
ASSETS			
Non-current assets			
Property, plant and equipment	7	**63,844**	64,758
Total non-current assets		**63,844**	64,758
Current assets			
Inventories	10	**30**	28
Trade and other receivables	11	**10,515**	5,185
Cash and cash equivalents		**313**	193
Total current assets		**10,858**	5,406
Total assets		**74,702**	70,164
EQUITY AND LIABILITES			
Shareholders' equity			
Share capital	15	**12,941**	12,941
Retained earnings	16	**56,167**	53,731
Total equity		**69,108**	66,672
Non-current liabilities			
Deferred tax liabilities	13	**84**	196
Total non-current liabilities		**84**	196
Current liabilities			
Trade and other payables	12	**3,090**	2,589
Income tax payable		**2,420**	707
Total current liabilities		**5,510**	3,296
Total liabilities		**5,594**	3,492
Total equity and liabilities		**74,702**	70,164

The accompanying notes on pages 15 to 31 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 31 October 2023 and were signed on its behalf by:

R Hutton

Richard Hutton
Director

31 October 2023

Co. registration no: 04346400

Statement of changes in equity
for the year ended 30 June 2023

	Share Capital £000's	Retained Earnings £000's	Total £000's
Balance at 30 June 2021	12,941	51,374	64,315
Profit for the year	-	2,357	2,357
Balance at 30 June 2022	12,941	53,731	66,672
Profit for the year	-	**6,267**	**6,267**
Dividends	-	**(3,831)**	**(3,831)**
Balance at 30 June 2023	**12,941**	**56,167**	**69,108**

The accompanying notes on pages 15 to 31 form an integral part of these financial statements.

Statement of cash flows
for the year ended 30 June 2023

	Year ended 30 June 2023 £000's	Year ended 30 June 2022 £000's
Cash flows from operating activities		
Profit for the financial year from continuing activities	**6,267**	2,357
Adjustments for:		
Taxation charge	**1,600**	393
Finance income	**(349)**	(13)
Depreciation	**1,242**	1,282
Loss on disposal	**-**	22
Changes in working capital:		
Increase in inventories	**(2)**	(18)
Increase in trade and other receivables	**(8,812)**	(4,456)
Increase in trade and other payables	**502**	978
Net cash generated from operating activities	**448**	545
Purchase of property, plant and equipment	**(328)**	(333)
Net cash used in investing activities	**(328)**	(333)
Net increase in cash and cash equivalents	**120**	212
Cash and cash equivalents/ (Bank overdraft) at the start of the year	**193**	(19)
Cash and cash equivalents at the end of the year	**313**	193
Trade and other receivables include the following non-cash adjustments:		
Intercompany interest	**349**	(13)
Dividends declared	**(3,831)**	-

The accompanying notes on pages 15 to 31 form an integral part of these financial statements.

Notes to the financial statements

1 – Accounting policies

(A) Basis of preparation

The Charing Cross Hotel (London) Limited ("the Company") is a private company, limited by share capital, incorporated and domiciled in the UK. The registered number is 04346400 and the registered address is 110 Central Street, London, United Kingdom, EC1V 8AJ.

Going Concern

The financial statements have been prepared on a going concern basis.

The Clermont Group (Cayman) Limited and its subsidiaries ("the Group", which includes the Company) have prepared consolidated cash flow forecasts for a period to 29 December 2024 which show the Group is able to meet its financial obligations as they fall due.

Based on the above, the directors believe it remains appropriate to prepare the financial statements on a going concern basis.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. These financial statements have been prepared and approved by the directors under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK ("Adopted IFRSs").

(B) Changes in accounting policies

Except for the changes below, the Company has consistently applied the accounting policies to all periods presented in these financial statements.

The following amendments issued by the IASB that are effective for annual periods beginning after 1 July 2022 have been applied by the Company. There has been no significant impact on the Company's financial statements:

International Financial Reporting Standards

- *Onerous Contracts – Cost of Fulfilling a Contract* (Amendments to IAS 37);
- *Property, Plant and Equipment: Proceeds before Intended Use* (Amendments to IAS 16);
- *Annual Improvements to IFRS Standards 2018-2020* (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- *References to Conceptual Framework (*Amendments to IFRS 3).

(C) Future changes to accounting standards

There are a number of standards and interpretations issued by the IASB that are effective for annual periods beginning after 1 July 2023 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements:

International Financial Reporting Standards

- *Disclosure of Accounting Policies* (Amendments to IAS 1 and IFRS Practice Statement 2);
- *Definition of Accounting Estimates* (Amendments to IAS 8);
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to IAS 12);

The following amendments are effective for the period beginning 1 July 2024:

- *Liability in a Sale and* Leaseback (Amendment to IFRS 16 Leases)
- *Classification of Liabilities as Current or Non-current* (Amendment to IAS 1 Presentation of Financial Statements)
- *Non-current Liabilities with Covenants* (Amendment to IAS 1 Presentation of Financial Statements)

Notes to the financial statements *(continued)*

1 – Accounting policies *(continued)*

(D) Property, plant and equipment

All property, plant and equipment is stated at cost or deemed cost less depreciation and any necessary provision for accumulated impairment.

Depreciation is provided in equal instalments to write off property, plant and equipment to their estimated residual value over their expected useful economic lives on a straight line basis. The principal expected useful economic lives are:

Freehold Land	Not depreciated
Core elements of freehold buildings	Up to 100 years
Integral plant and non-core elements of buildings	15 to 30 years
Plant and equipment & fit out cost	3 to 15 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Repairs and maintenance costs are expensed as incurred.

(E) Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(F) Inventories

Inventories comprise food, beverages, and retail vouchers for resale and are stated at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items.

Cost is based on the first-in first-out principle that includes expenditure incurred in acquiring the inventories and other costs in bringing them to their existing location and condition.

(G) Classification of financial instruments

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments. To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes to the financial statements *(continued)*

1 – Accounting policies *(continued)*

(H) Classification of non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables
Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables
Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

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

(I) Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

The Company uses an expected credit loss ("ECL") model. The impairment model applies to financial assets measured at amortised cost but not to equity investments. The Company measures loss allowances at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost of effort. This includes quantitative and qualitative information, analysis based on the Company's historical experience and informed credit assessment, that includes forward looking information.

The Company assumes that the credit risk of a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:
- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions; or
- The financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECL's are a probability-weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cashflows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:
- significant financial difficulty of the debtor;
- a breach of contract such as a default or being than 90 days past due;
- it is probable the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortised costs are deducted from the gross carrying amount of the assets.

Notes to the financial statements *(continued)*

1 – Accounting policies *(continued)*

(I) Impairment excluding inventories and deferred tax assets (continued)

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. The Company makes an assessment with respect to the timing and amount of write-off for each customer based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities to comply with the Company's procedures for recovery of amounts due.

Non-Financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

(J) Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(K) Revenue

Revenue from hotel operations is recognised in the profit and loss at the point at which room and related services are provided. Revenue from hotel operations includes income earned from sales of food and beverages, meetings and events income, and other miscellaneous income. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or associated costs. The Company's room, food and beverage and meeting and events revenues are recognised when the rooms are occupied and the services are performed. All revenue is excluding VAT and is generated in the UK.

Notes to the financial statements *(continued)*

1 – Accounting policies *(continued)*

(L) Taxation

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

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 temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

(M) Financing income and costs

Financing costs comprise interest payable, finance costs and finance leases, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement. Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

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

(N) Foreign currency

Transactions in foreign currencies are translated to sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated to sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement, Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to sterling at foreign exchange rates ruling at the date the fair value was determined.

(O) Defined benefit pension schemes

Costs in respect of defined benefit pension schemes operated by Clermont Hotel Group Limited are treated by the Company as if they relate to defined contribution schemes. The information available regarding the assets and liabilities of the schemes is not sufficient to allow the Company to account for the schemes as defined benefit schemes in its financial statements.

As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan is recognised fully by the sponsoring employer, which is Clermont Hotel Group Limited.

(P) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Notes to the financial statements *(continued)*

1 – Accounting policies *(continued)*

(Q) Government grants

The Company recognises government grants related to income in the period that the expense is incurred.

The Company has adopted to deduct income related government grants from the relevant expense in the statement of profit and loss and other comprehensive income.

There are no unfulfilled conditions attached to the government grants recognised in the period.

2 – Revenue

Revenue consists of the following revenue streams:

	Year ended 30 June 2023 £000's	Year ended 30 June 2022 £000's
Rooms revenue	**17,256**	9,306
Food and beverage	**2,358**	1,098
Meetings and events	**731**	830
Other	**533**	445
	20,878	11,679

Other revenue in current and prior financial year includes rent receivable.

3 – Expenses and Auditor's Remuneration

Profit before tax includes the following:

	Year ended 30 June 2023 £000's	Year ended 30 June 2022 £000's
Depreciation and other amounts written off tangible fixed assets	**1,242**	1,304
Equipment rentals payable under operating leases	**2**	2
Auditors' remuneration	**14**	15

4 – Employee, Directors and Key Management information

	Year ended 30 June 2023 £000's	Year ended 30 June 2022 £000's
Employee costs during the year:		
Agency wages	**1,395**	1,025
Employee wages and salaries	**2,461**	1,590
Government grant	**-**	(5)
Employer's social security costs	**208**	143
Employer's pension costs	**57**	39
	4,121	2,792

Average monthly staff employed	**No.**	No.
Hotel Operating Staff (exc. Agency)	**91**	52

Notes to the financial statements *(continued)*

4 – Employee, Directors and Key Management information *(continued)*

All employees are employed by Clermont Hotel Management Limited or Clermont Hotel HR Limited and a recharge is made by these companies in respect of the persons employed by each hotel.

Government grant income received is from the Governments Coronavirus Job Retention Scheme. This allowed the Company to reclaim an element of wages and salaries, social security and pension costs for employees who were furloughed after March 2020. This scheme ended on 30 September 2021.

The expenses for employers' pension costs include expenses related to the defined contribution schemes.

Due to the nature of operations of the Group, with the group being defined as Clermont Group (Cayman) Limited and its subsidiaries, the remuneration of the directors for their services to The Charing Cross Hotel (London) Limited is not contained in the records of the Company. The directors are remunerated for their services to the Group as a whole, which is disclosed in the financial statements of Clermont Hotel Management Limited. The directors do not consider it material to apportion remuneration based on the services performed for individual undertakings within the Clermont Group (Cayman) Limited, a company continued in Cayman Islands. Directors are considered to be the key management personnel.

5 – Finance Income

	Year ended 30 June 2023 £000's	Year ended 30 June 2022 £000's
Finance income (note 17)	**349**	13
	349	13

As detailed in Note 17, the parent company, Clermont Hotel Group Limited, operates a central treasury function to which the Company transfers its cash receipts and which settles all the Company's trading liabilities. The above noted finance income relates to interest credited relating to the funds transferred through the central treasury function.

6 – Taxation

	Year ended 30 June 2023	Year ended 30 June 2022
	£000's	£000's
Recognised in the Income Statement		
Current taxation		
Current year tax charge	**1,712**	757
Total current tax charge	**1,712**	757
Deferred taxation		
Current year tax credit	**(91)**	(238)
Adjustments in respect of previous years	**(1)**	(51)
Effect of changes in tax rates	**(20)**	(75)
Total deferred tax credit	**(112)**	(364)
Total tax charge	**1,600**	393

Notes to the financial statements *(continued)*

6 – Taxation *(continued)*

	Year ended 30 June 2023 %	Year ended 30 June 2023 £000's	Year ended 30 June 2022 %	Year ended 30 June 2022 £000's
Profit before tax for the year	**100.0**	**7,867**	100.0	2,750
Expected tax charge at 20.5% (2022:19%)	**20.5**	**1,613**	19.0	523
Items not subject to tax or deductible for tax purposes	**0.1**	**9**	-	1
Effects of changes in tax rate on deferred tax balances	**(0.3)**	**(20)**	(2.7)	(75)
Adjustments in respect of previous years	**-**	**(1)**	(1.9)	(51)
Amounts not recognised	**-**	**-**	(0.5)	(13)
Other	**-**	**(1)**	0.3	8
Actual tax charge	**20.3**	**1,600**	14.2	393

On 24 May 2021 a change to the future corporation tax rate was substantively enacted. The corporation tax rate is to increase from 19% to 25% for the tax years starting on or after 1 April 2023. The deferred tax assets and liabilities at 30 June 2022 and 20 June 2023 have been calculated based on these rates.

7 – Property, plant and equipment

As at 30 June 2023	**Land and Buildings £000's**	**Fit out costs, plant and equipment £000's**	**Total £000's**
Cost			
At the beginning of the year	**69,231**	**19,110**	**88,341**
Additions	**22**	**306**	**328**
At the end of the year	**69,253**	**19,416**	**88,669**
Depreciation			
At the beginning of the year	**7,608**	**15,975**	**23,583**
Charge for the year	**405**	**837**	**1,242**
At the end of the year	**8,013**	**16,812**	**24,825**
Net Book Value			
As at 30 June 2023	**61,240**	**2,604**	**63,844**

As at 30 June 2022	**Land and Buildings £000's**	**Fit out costs, plant and equipment £000's**	**Total £000's**
Cost			
At the beginning of the year	69,245	18,836	88,081
Additions	-	333	333
Disposals	(14)	(59)	(73)
At the end of the year	69,231	19,110	88,341
Depreciation			
At the beginning of the year	7,207	15,145	22,352
Charge for the year	408	874	1,282
Disposals	(7)	(44)	(51)
At the end of the year	7,608	15,975	23,583
Net book value			
As at 30 June 2022	61,623	3,135	64,758

Notes to the financial statements *(continued)*

7 – Property, plant and equipment *(continued)*

At 30 June 2023 the Company tested the hotels property for impairment. The recoverable amount of the property is determined from a value in use calculation or fair value less costs to sell. In the value in use calculation the key assumptions used are in relation to discount and growth rates and replacement capital expenditure. Growth rates incorporate occupancy, room rate, volume and direct cost changes. Growth rates took into account external views of the London hotel market and the likely time of continuing recovery from the current economic environment. Management used a pre-tax discount factor of 9.12% (2022: 8.43%) over the forecast period. 4% of revenue was deemed an appropriate rate for replacement capital expenditure for the Company, based on the hotel operating agreements for hotels operated by the wider group. Recoverable amount has been further supported by an external market valuation.

At the end of the financial year the recoverable amount of the property exceeded its book value and therefore no impairment is required.

8 – Leases (Company as lessee)

Amounts recognised in Profit and Loss

The following amounts have been recognised in profit or loss for which the Company is a lessee:

Leases under IFRS 16	**Year ended 30 June 2023 £000's**	Year ended 30 June 2022 £000's
Expenses relating to low-value assets, excluding short term leases of low-value assets	**(2)**	(2)

The Company leases various IT equipment and office machinery, with lease terms ranging between one and five years. These leases are short-term and/or leases of low-value items. The Company has elected not to recognise right-of-use assets and lease liabilities for these leases.

9 – Leases (Company as lessor)

Amounts recognised in Profit and Loss

The Company leases out areas of the hotel property under operating leases.

The following amounts have been recognised in profit or loss for which the Company is a lessor:

Leases under IFRS 16	**Year ended 30 June 2023 £000's**	Year ended 30 June 2022 £000's
Lease income received from operating leases	**355**	361

Notes to the financial statements *(continued)*

10 – Inventories

As at 30 June 2023	**Food Inventory £000's**	**Beverage Inventory £000's**	**Total £000's**
Cost			
At the beginning of the year	**12**	**16**	**28**
Purchases	**695**	**166**	**861**
Utilised during the year	**(692)**	**(167)**	**(859)**
At the end of the year	**15**	**15**	**30**

As at 30 June 2022	Food Inventory £000's	Beverage Inventory £000's	Total £000's
Cost			
At the beginning of the year	3	7	10
Purchases	359	151	510
Utilised during the year	(350)	(142)	(492)
At the end of the year	12	16	28

All inventories held are expected to be utilised within 12 months.

11 – Trade and other receivables

Current Assets	**Year ended 30 June 2023 £000's**	Year ended 30 June 2022 £000's
Trade receivables	**560**	463
Provision for bad debt	**(75)**	(96)
Net trade receivables	**485**	367
Other receivables	**40**	101
Prepayments	**19**	-
Amount owed by immediate parent company	**9,832**	3,831
Accrued income	**139**	886
	10,515	5,185

All trade and other receivables are expected to be recovered in less than 12 months.

In the prior year accrued income includes £690,000 of accrued insurance income.

12 – Trade and other payables

Current liabilities	**Year ended 30 June 2023 £000's**	Year ended 30 June 2022 £000's
Trade payables	**559**	427
Deferred income and other payables	**1,841**	1,524
Other taxation and social security	**690**	638
	3,090	2,589

Notes to the financial statements *(continued)*

13 – Deferred tax assets and liabilities

The movements in deferred tax assets and liabilities were as follows:

As at 30 June 2023	30 June 2021 £000's	Recognised in statement of comprehensive income £000's	30 June 2022 £000's	Recognised in statement of comprehensive income £000's	30 June 2023 £000's
Liability					
Property	660	(447)	213	**(111)**	**102**
	660	(447)	213	**(111)**	**102**

As at 30 June 2023	30 June 2021 £000's	Recognised in statement of comprehensive income £000's	30 June 2022 £000's	Recognised in statement of comprehensive income £000's	30 June 2023 £000's
Asset					
Loan relationships	(100)	83	(17)	**(1)**	**(18)**
	(100)	83	(17)	**(1)**	**(18)**

Deferred tax assets and liabilities are offset when there is a right to set off current tax assets and liabilities which relate to the same taxation jurisdiction.

Deferred tax assets are recognised on the basis that they will be absorbed by forecast future taxable profits.

14 – Financial instruments

a) Financial risk management policies and objectives

Exposure to credit, interest rate and currency risk arises in the normal course of the Company's business. The Company manages financial risk within its general risk management philosophy and framework.

b) Liquidity risk

Liquidity is managed on a daily basis by the treasury and finance departments of the Group. They are responsible for ensuring that the Company has adequate liquidity for all operations, ensuring that the funding mix is appropriate so as to avoid maturity mismatches. The Group manages liquidity risk on behalf of the Company, ensuring sufficient liquid assets of appropriate quality are available to meet short term funding requirements.

The Group is financed by a combination of an unsecured bank loan with an external lender, unsecured RCF with an external lender and cash. The Group also has access to both uncommitted and committed unsecured RCF facilities which are used as and when required to fund the Group's cash needs, including those of the Company. The Company's bank holds an inter company guarantee between the Company's immediate parent company, Clermont Hotel Group Limited, and all its subsidiaries.

The following table details the remaining contractual maturities at the balance sheet date of the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Company can be required to pay.

Notes to the financial statements *(continued)*

14 – Financial instruments *(continued)*

b) Liquidity risk *(continued)*

As at 30 June 2023	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	£000's	£000's	£000's	£000's	£000's	£000's
Non-derivative financial liabilities						
Trade payables (note 12)	559	559	559	-	-	-
	559	559	559	-	-	-
As at 30 June 2022						
Non-derivative financial liabilities						
Trade payables (note 12)	427	427	427	-	-	-
	427	427	427	-	-	-

c) Credit risk

Credit risk is the risk of financial loss to the Company, if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company's credit risks are primarily attributable to trade and other receivables and are considered low risk. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis, with any increase in credit risk being determined based on payment performance against credit terms. Management determines concentrations of credit risk by quarterly monitoring the creditworthiness rating for existing customers and through a monthly review of the trade receivables ageing analysis and payment performance against credit terms.

Credit risk in relation to cash, cash equivalents and derivative financial instruments is considered to be low risk. The Company's bank deposits are managed by the Group and are only deposited in counterparties who have high credit quality. Transactions involving derivative financial instruments are with counterparties with sound credit ratings. The Group has limits for exposures to individual counterparty and country to manage concentration risk.

The hotel business has its own credit policy to allow credit period of up to 60 days for its customers. The Company has no significant concentrations of credit risks and does not obtain any collateral from customers.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset, including derivative financial instruments, in the statement of financial position after deducting any impairment allowance.

Expected credit loss

The Company applied the simplified approach to measure expected credit loss, i.e., the lifetime expected loss allowance for its trade receivables. In measuring the expected credit losses, trade receivables are grouped based on similar credit risk characteristics and days past due. The Company uses an allowance matrix to measure the ECLs of trade receivables. The expected loss rates are calculated based on historical credit losses, which are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

Notes to the financial statements *(continued)*

14 – Financial instruments *(continued)*

c) Credit risk (continued)

On that basis, the loss allowances based on the ageing of trade receivables at the reporting date are as follows:

	Gross 30 June 2023 £000's	Allowances for impairment loss 30 June 2023 £000's	Gross 30 June 2022 £000's	Allowances for impairment loss 30 June 2022 £000's
Not past due nor impaired	**342**	**-**	301	-
Less than 1 month past due	**85**	**-**	84	-
1 to 3 months past due	**112**	**(73)**	33	-
3 to 6 months past due	**21**	**(2)**	45	(96)
	560	**(75)**	463	(96)

Based on historical default rates and adjusted forward-looking macroeconomic data, the Company believes that, apart from the above, no other impairment allowance is necessary. These receivables are mainly relating to customers that have a good record with the Company. The allowance account in respect of trade receivables is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

The movement in allowances for impairment in respect of trade receivables during the year was as follows:

Lifetime ECL	£000's
At 1 July 2021	87
Impairment loss recognised during the year	9
At 30 June 2022	**96**
Reversal of impairment loss recognised during the year	**(21)**
At 30 June 2023	**75**

d) Interest rate risk

The Company's debt comprises intra-group balances. Interest is charged on these on an annual basis in accordance with Group policies.

e) Currency risk

The Company's net monetary assets and liabilities are denominated in sterling and therefore are not subject to currency risk.

f) Capital management

The Company defines the capital that it manages as the Company's total equity and cash balances of £69,108,000 (2022: £66,672,000) and £313,000 (2022: £193,000).

The Company's objectives are to safeguard its ability to continue as a going concern providing returns to shareholders, through the optimisation of the debt and equity balances, and to maintain a strong credit rating and headroom. The Company manages its capital structure and makes appropriate decisions in light of the current economic conditions and strategic objectives of the Company. The directors are satisfied that the Company is meeting its objectives for managing capital on the basis of year-on-year revenue growth, tight cost control and maintaining cashflow.

There are no external restrictions on capital management for the Company.

Notes to the financial statements *(continued)*

14 – Financial instruments *(continued)*

g) Fair value of financial instruments

The table below analyses financial instruments, into a fair value hierarchy based on the valuation technique used to determine fair value.

• Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
• Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
• Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

As at 30 June 2023	Carrying amount £000's	Fair value £000's	Level 1 £000's	Level 2 £000's	Level 3 £000's
Financial assets at amortised cost					
Cash and cash equivalents	**313**	**313**	-	-	-
Trade receivables (note 11)	**485**	**485**	-	-	-
Other receivables (note 11)	**40**	**40**	-	-	-
Amount owed by immediate parent company (note 11)	**9,832**	**9,832**			
Total Financial Assets	**10,670**	**10,670**	-	-	-
Financial liabilities at amortised cost					
Trade payables (note 12)	**(559)**	**(559)**	-	-	-
Other payables (note 12)	**(1,841)**	**(1,841)**	-	-	-
Total Financial Liabilities	**(2,400)**	**(2,400)**	-	-	-
Total Financial Instruments	**8,270**	**8,270**	-	-	-

As at 30 June 2022	Carrying amount £000's	Fair value £000's	Level 1 £000's	Level 2 £000's	Level 3 £000's
Financial assets at amortised cost					
Cash and cash equivalents	193	193	-	-	-
Trade receivables (note 11)	367	367	-	-	-
Other receivables (note 11)	987	987	-	-	-
Amount owed by immediate parent company (note 11)	3,831	3,831	-	-	-
Total Financial Assets	5,378	5,378	-	-	-
Financial liabilities at amortised cost					
Trade payables (note 12)	(427)	(427)	-	-	-
Other payables (note 12)	(1,524)	(1,524)	-	-	-
Total Financial Liabilities	(1,951)	(1,951)	-	-	-
Total Financial Instruments	3,427	3,427	-	-	-

Notes to the financial statements *(continued)*

15 – Share capital

	Number of shares		Nominal Value	
	30 June 2023	30 June 2022	**30 June 2023**	30 June 2022
	No.	No.	**£000's**	£000's
Issued and fully paid:				
At the beginning and end of the year	**12,941,059**	12,941,059	**12,941**	12,941

The Company has 12,941,059 ordinary shares with a nominal value of £1 each. The shares have attached to them full voting, dividend, and capital distribution rights. They do not confer any rights of redemption.

16 – Retained earnings

The retained earnings reserve comprises the cumulative net gains and losses recognised in the income statement.

Dividends declared in the financial year of £3,831,000 (2022: Nil) were to the Company's immediate parent company, Clermont Hotel Group Limited.

17 – Related party transactions

The parent company, Clermont Hotel Group Limited, operates a central treasury function to which the Company transfers its cash receipts and which settles all the Company's trading liabilities. Due to the operations of the intercompany balances within the group, these balances are netted off, therefore are all shown on a net basis. The net movements from these transactions are accumulated in the amounts owed by the immediate parent company shown in Note 11.

In addition, the Company entered into the following aggregate transactions with Clermont Group (Cayman) Limited and its subsidiaries:

	Year ended 30 June 2023	Year ended 30 June 2022
	£000's	£000's
Interest recharge from parent company	**349**	13
Management fees charged from a fellow subsidiary	**(2,241)**	(1,174)
Operating expenses recharged to the Company from fellow subsidiaries	**(2,726)**	(1,767)

18 – Financial commitments

	Year ended 30 June 2023	Year ended 30 June 2022
	£000's	£000's
Capital Commitments		
Contracted for but not provided in the accounts	**92**	46

Notes to the financial statements *(continued)*

19 – Accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Whilst some outcomes have been affected by the volatility in the financial markets, all judgements and assumptions in the accounting policies remain consistent with previous years.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Estimates
The Company is required to assess whether there is indication of impairment to the carrying value of fixed assets which had a value of £63,844,000 (2022: £64,758,000) as at 30 June 2023. In making that assessment, judgements are made in calculating a recoverable amount. The Group maintains a value in use model to ascertain that the carrying value of its tangible assets can be supported by the higher of the fair value less cost to sell or value in use as required under IFRS. The following assumptions are used in that model:

• WACC Rate – in the current year the Company used a pre-tax WACC rate methodology, with a rate of 9.12% (2022: 8.43%) considered a reasonable rate for the Company. The Group calculate a post-tax WACC rate based on the debt – equity ratio, cost of equity and cost of debt with a Group specific Alpha and Beta, updated to reflect long term yield rates and risk. The Group then uses this post-tax WACC rate to calculate an implied pre-tax WACC rate specific to the Company based on its discounted future cash flows. The impairment assessments have been performed for a period to the end of the lease term. The value in use of the Company's property is sensitive to movements in the WACC rate assumption. A 0.25% change in the WACC rate would move the value in use of the properties by £5.8m. However, with an increase in the WACC rate of 0.25% the Company's property does not show indication of impairment.

• Short term and long term growth rate – The judgement applied in setting the short and long term growth rate is based on the forecast for the hotel. The Group exercises significant judgement to set the forecast, with the Group looking at specific hotel and Group level initiatives. Based on these factors the Group will determine the expected uplift in the hotels. Long term growth rate used is 2.0%. The value in use of the properties is sensitive to movements in the long term growth rate. A 0.5% change in the long term growth rate would move the value in use of the Company's property by £9.9m. However, with a reduction in the long term growth rate of 0.5% the Company's property does not show indication of impairment.

• Replacement capital expenditure – 4% of revenue has been deemed an appropriate rate for the Group. This is consistent with hotel operating agreements for hotels operated by the wider Group. The value in use of the properties is sensitive to movements in the replacement capital expenditure assumption. A 1% change in the replacement capital expenditure rate would move the value in use of the Company's property by £1.2m. However, with an increase in the replacement capital expenditure rate of 1% the Company's property does not show indication of impairment.

Notes to the financial statements *(continued)*

19 – Accounting estimates and judgements *(continued)*

Consideration of impairment to the carrying values of assets has been made and the directors concluded that the individual carrying values of operating assets are supportable by the value in use or fair value less costs to sell. The impact of the current economic conditions on the assessment of going concern has been considered.

The below are other areas of estimation in the preparation of the financial statements:

• Forecast cashflows – Assumptions of future cashflows have been made as part of the going concern and impairment assessments. These include assumptions of recovery of revenue post the pandemic and expected margins achieved. Management use recent performance and external forecasts as the basis for these.

• Property, plant and equipment - Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the accounting policies for property, plant and equipment. Estimation is required in the selection of these residual values and useful lives.

Judgement
• Trade debtor recoverability – as part of the Company's ECL assessment, judgement has been made on the expected recoverability of balances owed to the Company, which had a carrying value of £560,000 as at 30 June 2023 (2022: £463,000). The Company have made use of historic recovery rates, and economic data available on specific debtors in order to determine lifetime expected credit losses.

20 – Parent and ultimate parent undertakings and controlling parties

The immediate parent undertaking is the Clermont Hotel Group Limited, a company registered in England, which underwent a name change from GLH Hotels Limited on 1 November 2022. Copies of the financial statements of Clermont Hotel Group Limited, which consolidate the results of the Company, are available from Companies House, Cardiff.

Clermont Hotel Group Limited is a wholly owned subsidiary of GL Limited, a company registered in Bermuda. The registered office address is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. GL Limited is both controlled and its financial results consolidated by Guoco Group Limited, a company continued in Bermuda and listed on the Stock Exchange of Hong Kong Limited. Copies of the accounts of Guoco Group Limited are available from its website www.guoco.com.

The directors of the Company consider its ultimate holding company to be GuoLine Capital Assets Limited, a company incorporated in Jersey which does not produce financial statements available for public use.