

Registration No: 05674503

**MANDARIN ORIENTAL RESIDENCES
MANAGEMENT (UK) LIMITED**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



Mandarin Oriental Residences Management (UK) Limited

Contents

	<u>Page</u>
Company Information	2
Directors' Report	3
Independent auditors' report	6
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12

Mandarin Oriental Residences Management (UK) Limited

Company Information

Directors

Syung Hwa Matthew David Bishop
David Alasdair Murray
Van Dullemen, Torsten Magne

Registered office

5th Floor
110 High Holborn
London
WC1V 6JS
United Kingdom

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Mandarin Oriental Residences Management (UK) Limited

Directors' Report

for the year ended 31 December 2022

The Directors present their report and the audited financial statements for the year ended 31 December 2022.

Directors of the company

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

Syung Hwa Matthew David Bishop

David Alasdair Murray

Van Dullemen, Torsten Magne (Appointed: 28 Feb 2022)

Amanda Lesley Hyndman (Resigned: 28 Feb 2022)

The company is incorporated and domiciled in the U.K.

Principal activities

The principal activity of the company is that of a residence's manager, providing property management services to a luxury apartment block in Knightsbridge, London. A 10-year term contract was signed in 2021 which will finish on 31 December 2030.

Business review

Fair review of the business

Strategy

The objective is to manage one of London's finest luxury apartment blocks, One Hyde Park.

The business environment

In 2022, the London luxury property and hospitality segment continued its recovery and hospitality services showing increasing demand. London still remains one of the world's truly international cities and has always attracted and enjoyed welcoming international buyers enhancing further the capital's luxury property market resilience.

Despite accelerating costs driven by inflationary increases during the year, the impact on the company was very limited, primarily due to low-cost base and pre-agreed revenue contract in place.

Results and dividends

The profit for the financial year was £517,000 (2021: profit of £536,000) which has been transferred to retained earnings. The Company had net assets of £5,982,000 (2021: £5,573,000) and a cash balance of £1,629,700 (2021: £924,081) at the year end.

The directors do not recommend the payment of a dividend (2021: £nil).

Directors' Report (continued)

Going Concern

The directors have prepared the financial statements on a going concern basis since they have a reasonable expectation that the company has adequate resources to continue in existence for at least 12 months from the date of signing the financial statements. This confirmation is made after reviewing the assumptions about the future trading performance and the cash flow forecasts. As at 31 December 2022, the company held a healthy positive cash balance of £1,629,700 (31 December 2021: £924,081) and is also in a net asset position of £5,982,000 (31 December 2021: £5,465,000). The forecasts for the next 12 months are expected to further improve the cash and also the net asset position. Also, as the company has a pre-agreed contract in place, therefore directors view of the use of going concern basis remains appropriate.

Future outlook

The directors expect the company's activities to continue on a similar basis in the foreseeable future.

Key performance indicators

Given the simple nature of the business, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance, or position of the business.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The company has a risk management process designed to monitor, mitigate, and report on these risks. The key business risks affecting the business are:

Competition: it is a highly competitive marketplace, and it is vital to ensure that the services provided compare favourably with those offered by competitors. Management undertakes regular site inspections of competing properties, monitor industry trends, and look at ways to be innovative with the offer.

Service standards: the experience of residents is central to the performance of the business so it must be evaluated on an ongoing basis to safeguard against any reduction in standards. Management dedicates significant resources to staff training, development, and retention, while using a variety of methods to evaluate the resident experience.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and

Directors' Report (continued)

Statement of Directors' responsibilities in respect of the financial statements(continued)

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

The directors are also 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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Disclosure of information to the auditors

In accordance with section 418 of the Companies Act 2006, each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Reappointment of independent auditors

Pursuant to the elective resolution passed on 3 April 2006, the independent auditors, PricewaterhouseCoopers LLP, will continue in office.

Small company provisions

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

Approved by the Board on 25th April 2023 and signed on its behalf by:



Syung Hwa Matthew David Bishop
Director

Independent auditors' report to the members of Mandarin Oriental Residences Management (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Mandarin Oriental Residences Management (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2022; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006, and we considered the extent to which non-compliance might have

Mandarin Oriental Residences Management (UK) Limited

a material effect on the financial statements. 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 manipulate reported results. Audit procedures performed by the engagement team included:

- Making enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations;
- Review of available Board Minutes
- Identifying and testing journal entries meeting certain risk criteria; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

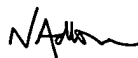
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- 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
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Nicola Adlington (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 April 2023

Statement of Comprehensive Income

for the year ended 31 December 2022

	Note	2022 £ '000	2021 £ '000
Revenue	6	527	544
Administrative expenses	7	(10)	(8)
Operating profit and Profit before tax		<u>517</u>	<u>536</u>
Tax on profit	10	-	(108)
Profit on the financial year		<u>517</u>	<u>428</u>
Total comprehensive income		<u>517</u>	<u>428</u>

All amounts relate to continuing operations.

The company has no items of other comprehensive income.

There is no material difference between the reported profit for the financial year and that which would be reported under the historical cost convention.

Statement of Financial Position

as at 31 December 2022

Company no.: 05674503

	Note	2022 £ '000	2021 £ '000
Assets			
Current Assets			
Trade and other receivables	11	4,394	4,581
Cash and cash equivalents	12	1,630	924
Total assets		6,024	5,505
Equity and liabilities			
Current liabilities			
Trade and other payables	13	42	40
Total liabilities		42	40
Equity			
Called up Share capital	14	-	-
Retained earnings		5,982	5,465
Total equity		5,982	5,465
Total liabilities and equity		6,024	5,505

The financial statements on pages 9 to 19 were approved and authorised for issue by the Board on 25th April 2023 and signed on its behalf by:



Syung Hwa Matthew David Bishop

Director

Mandarin Oriental Residences Management (UK) Limited

Statement of Changes in Equity

for the year ended 31 December 2022

Company no.: 05674503

	Called up Share Capital	Retained Earnings	Total Equity
	£ '000	£ '000	£ '000
As at 1 January 2021	-	5,037	5,037
Total comprehensive income	-	428	428
As at 31 December 2021	-	5,465	5,465
Total comprehensive income	-	517	517
As at 31 December 2022	-	5,982	5,982

Notes to the Financial Statements

1. Accounting Policies

a) Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The principal accounting policies are set out below and have been applied consistently throughout the year. The adoption of new accounting standards during the period has had no impact on the company. The company is a private company limited by shares.

b) Going concern

The financial statements have been prepared on a going concern basis. There is an existing contract with One Hyde Park, from which the management income is generated and will continue to do so for the foreseeable future.

The directors confirm that they have adequate resources to continue the existence for at least 12 months from date of signing the financial statements and hence use of going concern basis is appropriate. This confirmation is made after reviewing the assumptions about the future trading performance and the cash flow forecasts. Currently, the company has a healthy positive cash balance of £1,629,700 (2021: £924,081) and is also in a net asset position of £5,982,000 (2021: £5,573,000). The forecasts for the next 12 months are expected to further improve the cash and the net asset position. Due the nature of our operating business model, which is providing high end luxury residential management services with pre-agreed contracts, the impact of the COVID-19 situation was not material, and we anticipate the same going forward.

c) Revenue

Revenue represents management recharge income earned by providing management services on a 10-year property management contract ending 31 December 2030. Revenue is recognised over time in arrears throughout the contract period based on a fix fee subject to CPI increases.

Notes to the Financial Statements (continued)

Accounting Policies (continued)

d) Taxation

Taxation provided is that chargeable on profits for the year together with deferred taxation. The current income tax charge is calculated on the basis of taxation laws enacted or substantially enacted at the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

e) Cash and cash equivalent

Cash and cash equivalent include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

f) Foreign currency

The functional and presentational currency is the British Pound Sterling.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the reporting date. Transactions in foreign currencies are translated at the rate at the date of the transaction. All exchange differences arising are included in profit or loss.

g) Financial instruments

Financial assets and liabilities are initially recognised on the statement of financial position at fair value when the company becomes party to the contractual provisions of the instruments.

All financial assets are subsequently carried at amortised cost using the effective interest rate method if the time value of money may have a significant impact on their value.

The company assesses at the balance sheet date whether there is objective evidence that a financial asset is impaired. Impairment losses are incurred only if there is objective evidence that a loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

Notes to the Financial Statements (continued)

Accounting Policies (continued)

2. Financial risk management

The company manages its exposure to risk using a variety of techniques and instruments. Entering into speculative transactions is specifically prohibited.

The company has no significant concentrations of credit risk. It has policies in place to ensure that sales are made principally to the company with an appropriate credit history. Any due debt is regularly monitored and collected swiftly as per the terms. The company has policies that limit the amount of credit exposure to any particular financial institution.

3. Critical accounting estimates and judgements

The preparation of financial statements in conformity with FRS 101 requires the directors to exercise judgement in the process of applying the company's accounting policies. It also requires the use of estimates and assumptions that affect the reported assets and liabilities, the disclosure of contingent assets and liabilities at the reporting date and the reported revenues and expenses for the financial year. Although these estimates are based on the directors' best knowledge of current events and actions, actual results may ultimately differ from these estimates.

There are no critical accounting judgements concerning the future or key sources of estimation uncertainty at the year-end date that have a significant risk of causing a material adjustment to the financial statements.

4. New standards, amendments, IFRIC interpretations and new relevant disclosure requirements

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 that have a material impact on the company's financial statements.

Notes to the Financial Statements (continued)

5. Disclosure exemptions adopted

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- a) IFRS 7, 'Financial Instruments: Disclosures'.
- b) The following paragraphs of IAS 1, 'Presentation of financial statements':
 - a. 10(d), (statement of cash flows)
 - b. 16 (statement of compliance with all IFRS),
 - c. 38A (requirement for minimum of two primary statements, including cash flow statements)
 - d. 38B-D (additional comparative information),
 - e. 111 (cash flow statement information), and
 - f. 134-136 (capital management disclosures)
- c) IAS 7, 'Statement of cash flow';
- d) Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- e) Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation);
- f) the requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group
- g) the requirement to present details of the changes to IFRS which are in issue but not effective for the period of the financial statements.

The directors consider all the exemptions noted above to be available on the basis that equivalent disclosures are included in the consolidated financial statements of the group into which the entity is consolidated. The details of the consolidating parent company and the location from which the consolidated financial statements may be obtained are included in note 15 to the financial statements.

Notes to the Financial Statements (continued)

6. Revenue

An analysis of the company's revenue is as follows:

	2022 £ '000	2021 £ '000
Management fees	527	544
	<hr/> 527	<hr/> 544

All the company's turnover originates in the United Kingdom and is recognised over time.

7. Administrative expenses

An analysis of the company's administrative expenses is as follows

	2022 £ '000	2021 £ '000
Auditors' remuneration		
audit of the financial statements	4	3
tax compliance	5	3
Professional fees	1	2
	<hr/> 10	<hr/> 8

8. Employee information

The company employed no staff during the year (2021: none) and had no staff costs (2021: £nil).

9. Directors' remuneration

No director received any remuneration during the year in respect of services to the company nor had any retirement benefits accruing to them (2021: £ nil).

Notes to the Financial Statements (continued)

10. Tax on Profit

An analysis of the company's tax charge is as follows:

	2022 £ '000	2021 £ '000
Current tax		
UK corporate tax charge	-	-
Adjustments in respect of prior years	-	108
Total current tax	-	108

For the year ended 31 December 2022, the standard rate of corporation tax in the UK was 19% (2021: 19%).

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021.

	2022 £ '000	2021 £ '000
Profit before taxation	517	536
Corporation tax at the standard rate	98	102
Group relief claimed	(98)	(102)
Adjustments in respect of prior years	-	108
Total Tax charge	-	108

By way of a group relief claim, Mandarin Oriental Residences Management (UK) Limited has utilised losses available from another company in the UK tax group against its 2022 taxable profits in full.

Notes to the Financial Statements (continued)

11. Trade and other receivables

	2022	2021
	£ '000	£ '000
Trade receivables	80	102
Amounts owed by group undertakings	4,293	4,294
Corporation tax receivable	21	185
	<hr/> 4,394	<hr/> 4,581

No receivables are considered to be either past due or impaired.

The amounts owed by group undertakings are unsecured, interest free and repayable on demand.

12. Cash and cash equivalents

	2022	2021
	£ '000	£ '000
Cash at Bank	1,630	924
	<hr/> 1,630	<hr/> 924

Cash balance above represents the cash held by the company in its business bank account. During previous year, generated cash was transferred to the group company, however, no cash was transferred to other group company during the year.

13. Trade and other payables

	2022	2021
	£ '000	£ '000
Amounts owed to group undertakings	27	34
Accruals and deferred income	15	6
	<hr/> 42	<hr/> 40

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Notes to the Financial Statements (continued)

14. Called up Share Capital

	2022		2021	
	No.	£ '000	No.	£ '000
Allotted, called up and fully paid shares of £1 each	100	-	100	-

15. Control

The company is owned and controlled by Mandarin Oriental Hotels Limited, a company incorporated in Bermuda.

The largest and smallest group for which group financial statements are prepared and of which the company is a member are, respectively, Jardine Matheson Holdings Limited, and Mandarin Oriental International Limited, both incorporated in Bermuda. Copies of the financial statements for both these groups can be obtained from their registered office, Jardine House, 33-35 Reid Street, Hamilton, Bermuda. The ultimate parent undertaking and ultimate controlling party is Jardine Matheson Holdings Limited, a company incorporated in Bermuda, with standard listing on the London Stock Exchange and with secondary listings in Bermuda and Singapore.