

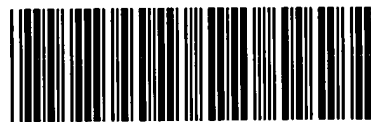
Registration No: 06192910

MANDARIN ORIENTAL HYDE PARK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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Mandarin Oriental Hyde Park Limited

Contents

	Page
Company information.....	2
Strategic Report.....	3
Directors' Report.....	6
Independent auditors' report.....	10
Statement of Comprehensive Income.....	13
Statement of Financial Position.....	14
Statement of Changes in Equity.....	15
Notes to the Financial Statements.....	16

Mandarin Oriental Hyde Park Limited**Company information****Directors**

Alexander Nicholas Kwok Wing Li (Resigned on 28 February 2022)
Syung Hwa Matthew David Bishop
Alasdair David Murray
Torsten Magne Van Dullemen

Company secretary

Mandarin Oriental Hotel Group Limited

Registered office

5th Floor
110 High Holborn
London
WC1V 6JS

Independent auditors

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

Mandarin Oriental Hyde Park Limited

Strategic Report For the year ended 31 December 2022

The Directors present their strategic report for the year ended 31 December 2022.

Business review

The Company's objective is to operate the finest luxury hotel in London while delivering shareholder value. This can only be achieved by continued investment in the hotel and its colleagues to ensure that the room product and service standards are of the highest quality. The hotel also invests heavily in its restaurants and spa in order to attract both resident and non-resident guests alike.

Year 2022 was successful especially taking in consideration the previous pandemic. The demand for hospitality services is still showing increasing trend until today. London is among the top destinations in the world and we see strong customer focus to visit the UK and this will gradually increase mainly from international clientele and therefore we are confident in our overall yearly forecast of over 73% occupancy for year 2023.

The business environment

The UK hotel market has continued in its recovery, delivering a strong trading performance. Domestic leisure demand fuelled the early recovery, but this has been supported by robust demand for business travel as well as flexible working trends generating new sources of demand. This comes despite continued challenging market conditions including accelerating costs causing profit margins to decline.

The trading performance of the UK hotel sector has improved significantly in 2022, with London showing a remarkable rebound from the pandemic. Occupancy rates in the capital have recorded up to 70% occupancy for the seven-month period to the end of 2022. Fuelled by strong demand across multiple segments, despite international visitor arrivals remaining lower than pre-pandemic, the ability to drive rates within a high inflationary environment has resulted in ADR surging ahead by 22% when compared to 2019 prices, and by 2.8% in real terms. The Regional UK hotel market now exceeds its RevPAR performance by 3.5% and London by 2.4%. A key challenge facing the hotel sector is the rise in utility costs, which have been increasing month-on-month. For the month of October, total utility costs for London hotels have increased by 56% and by 79% for regional UK hotels, compared to the same month in 2019.

Over the next three years, London's supply is set to grow by 2% per annum, with some 10,000 rooms either under construction or with a proposed date of opening, equivalent of 8% of the existing hotel supply. 2023 will see the opening of the following, all of which were delayed from 2022; Peninsula London (189 keys), Raffles London (120 keys), Mandarin Oriental Mayfair (50 keys) and with further delays Rosewood (137 keys) and Waldorf Astoria (98 keys) are now expected to open 2024 / 2025.

Mandarin Oriental Hyde Park, London performed well against the competitor set finishing the year 3 of 6 with a relative RevPAR of 97.2% which although below fair share saw some extraordinary results within the competitors set primarily driven by low occupancy and high average daily rate. Despite finishing below fair share the hotel was 3rd in the competitive set, with then 3 performing less and only 2 ahead. The hotel has started 2023 in a very strong position versus the competitive set with a relative RevPAR of 127% YTD February 2023; a focus on service delivery, reputation and building key markets from the EU, America and Middle East. 2023 is expected to see strong demand from group segments; primarily Entertainment and meetings, incentives, conferences and exhibitions and transient leisure is expected to perform strong over the key summer months May – July 2023.

Results and dividends

The profit for the financial year was £1,608,000 (2021: loss of £13,100,000). Net Assets for financial year were £57,149,000 (2021: £54,088,000). The directors do not recommend the payment of a dividend for the year (2021: £nil).

Mandarin Oriental Hyde Park Limited

Strategic Report (continued) For the year ended 31 December 2022 Key performance indicators

The company's key financial and other performance indicators during the year were as follows:

	Unit	2022	2021
Occupancy – The number of rooms sold as a % of rooms available to sell	%	60	31
Average rate – Revenue from room sales divided by the number of rooms sold	£	1,173	930
RevPAR – Revenue from room sales divided by the number of rooms available to sell	£	707	285
Revenue growth – The increase in year-on-year sales expressed as a % (excluding insurance income)	%	125.2	77.1
EBITDA – Operating loss before depreciation expressed as a % of total revenue	%	19.5	14.3
Guest satisfaction – A score out of 100 based upon surveys completed by hotel guests	%	92	94
Employee turnover – The number of colleagues resigning each year as a % of the total number of employees	%	40	40

The KPI information for 2022 is not fully comparable to previous year. The business at the beginning of 2021 was still affected by global pandemic with reduced trading especially at the start of the year. During 2022 we were fully operating, and demand exceeded expectations.

Principal risks and uncertainties

Operating risk management

The management of the business and the execution of the company's strategy are subject to a number of risks. The hotel has a risk management committee whose responsibility is to monitor, mitigate and report on these risks. The Key business risks affecting the business are:

Terrorism: another terrorist attack on the UK, and London in particular, could have a serious impact on influx of visitors and affect the business. While management is unable to eliminate the risk, the objective is to minimise its impact through security standards, insurance coverage and a flexible cost base.

Competition: the hotel operates in a highly competitive trade environment, and it is vital to ensure that the product compares favourably with that of the competitors. Management undertakes regular site inspections of competing properties, monitor industry trend and look at ways to be innovative with the offer.

Service standards: the guest experience 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 development, training, and retention, while using a variety of methods to evaluate the guest experience. These include mystery shoppers, guest surveys and comment cards.

Disease: a flu or other pandemic could negatively impact world-wide travel as we experienced in previous years. It has negatively affected all businesses as well as personal lives. While management is unable to eliminate the risk, the objective is to minimise its impact through safety standards and a flexible cost base.

Mandarin Oriental Hyde Park Limited

Strategic Report (continued) For the year ended 31 December 2022

Guest health and safety: the health and safety of guests is of paramount concern as harm or injury to guests could lead to bad publicity and negatively impact sales. To mitigate these risks there are rigorous documented Safe & Sound procedures with annual audits by independent consultants.

s.172(1) Governance report

This report sets out how as Directors of Mandarin Oriental Hyde Park Limited. We have applied and complied with the UK Corporate Governance Code s.172(1).

Purpose, strategy, and consideration of the consequences of decisions in long term

Our goal is to become one of the finest Hotels in the world, through kind and generous service, dealing with all our stakeholders, including guests and colleagues. Through sound commercial decisions, we intend to safeguard the Company assets, grow the Hotel's reputation and maximise returns to shareholders, whilst caring for the environment and having a positive impact on London as a whole, by supporting Charities and Local community projects.

Culture

We have created a positive culture of kindness and generosity in the Hotel, to ensure all stakeholders are treated correctly and with the upmost respect, empowering staff to provide unparalleled service.

Employee Engagement

Staff levels are around 567, we are proactive in engaging with all colleagues, via regular team meetings and an information app. With news and events for this Hotel as well as the wider Group. Further details are disclosed in Directors Report.

Stakeholder Engagement

Regular updates and information are supplied to all stakeholders on both agreed timetables and ad hoc basis, to ensure they are fully up to date with all relevant information.

Environment and Community

We are committed to eliminating single use plastic and proactively participate in various environmentally friendly projects, we also have links to various London based, as well as hospitality focused Charities.

Code of Conduct/ Business standards

The Hotel has a comprehensive code of conduct, which all members of staff are regularly trained, also we uphold business standards and commercial best practice to the highest standard. We ensure to act fairly as between members of the company.

As Directors of the Company it is our intention to behave responsibly towards all of our respective stakeholders, so that they can benefit from the successful delivery of our plans and goals.

Approved by the Board on 5th May 2023 and signed on its behalf by:



Torsten Magne Van Dullemen
Director

Mandarin Oriental Hyde Park Limited

Directors' Report For the year ended 31 December 2022

The Directors present their annual 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:

Alexander Nicholas Kwok Wing Li (Resigned on 28 February 2022)
Syung Hwa Matthew David Bishop
Alasdair David Murray
Torsten Magne Van Dulleman

Results and dividends

The profit for the financial year was £1,608,000 (2021: loss of £13,100,000) which has been taken to reserves. The directors do not recommend the payment of a dividend for the year (2021: £nil).

Principal activities

The principal activity of the company is the ownership and operation of a luxury hotel in central London trading under the name of Mandarin Oriental Hyde Park Limited.

Going concern

The Directors confirm they have a reasonable expectation that the company has adequate resources to continue in operational existence for at least 12 months from the signing of these financial statements. This confirmation is made after reviewing the assumptions about the future trading performance, capital expenditure, and debt contained within the forecasted cash flow. The Directors have also considered the potential risks and uncertainties within the business in connection with any reoccurrence of the COVID-19 pandemic; liquidity risks including availability of the bank facility of £90m which expires in April 2024 (of which £9.5m is currently undrawn) as well as the forecasted covenant compliance. Last year results are proving our strong financial position and sufficiency individually and as a Group. This supports our confidence in business development in coming months. We have adapted all our processes in response to the changing business environment. Further stress testing has been carried out to ensure the company has sufficient cash resources to operate at least 12 months from the date signing of the financial statements. The stress testing considers a severe but plausible downside however despite the extremely low probability of such event happening the company will still have a positive cash surplus at the end of the 12-month period from the signing of the financial statements. Based on the above together with the available market knowledge and experience of the company and markets, the Directors continue to adopt the going concern basis in preparing the 31 December 2022 financial statements. See note 1a in financial statements for further details.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues, and the appropriate training is arranged. It is the policy of the company that, as far as possible, the training, career development and promotion of a disabled person should be identical to that of a person who does not live with a disability.

Mandarin Oriental Hyde Park Limited**Directors' Report (continued)
For the year ended 31 December 2022****Employee involvement**

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are considered when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their department and the company as a whole. Communication with all employees continues through company bulletins, departmental briefing, monthly general manager update meeting and group newsletters.

Suppliers/Customers

As in previous years, the company continued to negotiate with suppliers for the best available terms with regards to quality, prices and settlement terms. The company has honoured and will continue to honour its proper obligations and pay its creditors on the dates negotiated in purchase orders. Customers are provided the best in service of the luxury hotel and the company will provide the payment time as agreed in the contract.

Financial risk management

The ways in which the company manages risk are set out in Note 25 to the financial statements.

Future developments

The company's vision is to position itself as the finest luxury hotel in London. All launched programmes are aiming to make our brand distinctive so our clients will remain loyal to our services.

The most significant luxury hotel developments currently under construction which could potentially provide the most competition to the Mandarin Oriental Hyde Park are the Peninsula London, expected to be open in 2023, and The Chancery Rosewood (137 rooms) at the former American Embassy at Grosvenor Square.

Other developments in proximity to the Mandarin Oriental include Admiralty Arch at Trafalgar Sq, now due to open in 2024, bringing an additional 98 luxury rooms to the market branded under Waldorf Astoria. In addition, the former Old War Office site in Whitehall is being converted into a 120 room Raffles hotel, along with 85 apartments which will range in size from studio to five-bedroom units. The Raffles London is expected to open in the second quarter of 2023.

Streamlined Energy & Carbon Reporting

Mandarin Oriental Hyde Park Limited is required to report its energy use and carbon emissions in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

The data detailed in this table represent emissions and energy use for which Mandarin Oriental Hyde Park Limited is responsible, including energy used in our hotel and fuel used in company owned or operated vehicles or for company business. We have used the main requirements of the Greenhouse Gas Protocol Corporate Standard to calculate our emissions, along with the UK Government GHG Conversion Factors for Company Reporting 2022. Any estimates included in our totals are derived from actual data.

Mandarin Oriental Hyde Park Limited

Directors' Report (continued)
For the year ended 31 December 2022

	Previous reporting year (2021)	Current reporting year (2022)
Total energy consumption used to calculate emissions in kWh	8,714,165	10,194,562
Emissions from combustion of gas in tCO ₂ e (Scope 1)	678.19	778.41
Emissions from the combustion of fuel used in company owned vehicles in tCO ₂ e (Scope 1)	0.15	0.15
Emissions from purchased electricity in tCO ₂ e (Scope 2, location - based)	1,063.99	1,146.68
Total Scope 1 and 2 tCO ₂ e based on above	1,742.33	1,925.24
Emissions from business travel in rental cars or employee -owned vehicles where company is responsible for purchasing the fuel in tCO ₂ e (Scope 3)	-	-
Total gross tCO ₂ e based on above	1,742.33	1,925.24
Intensity ratio: gross tCO ₂ e / £'000 Net Revenue	0.06	0.03
Intensity ratio: gross tCO ₂ e / FTE	3.57	3.40
Emissions from purchased electricity in tCO ₂ e (Scope 2, market - based)	5.29	18.61
Outside of scopes (Scope 2, market -based)	122.23	617.42
Total net tCO ₂ e based on above (market-based)	683.63	797.16

In the period covered by the report, Mandarin Oriental Hyde Park Limited purchased electricity on a renewable tariff which includes electricity partially generated from bioenergy. This source is considered zero carbon and is a lower emitter than fossil fuels but produces methane and nitrous oxide during the combustion of wood pellets. These emissions are reflected in the market-based emissions.

In addition, in 2022, Mandarin Oriental Hyde Park Limited completed an LED lighting re-fit in parts of the back of house areas.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the 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, 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Mandarin Oriental Hyde Park Limited**Directors' Report (continued)
For the year ended 31 December 2022****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.

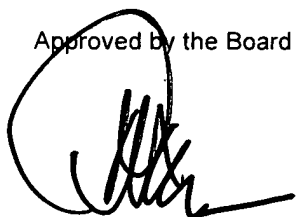
Subsequent Events

There are no subsequent events, as stated in Note 26.

Reappointment of independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 5th May 2023 and signed on its behalf by;



.....
Torsten Magne Van Dullemen
Director

Independent auditors' report to the members of Mandarin Oriental Hyde Park Limited

Report on the audit of the financial statements

Opinion

In our opinion, Mandarin Oriental Hyde Park 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 Strategic report and 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.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and 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 Strategic report and 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 the Companies Act 2006 and taxation legislation, and we considered the extent to which non-compliance might have 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.

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

Mandarin Oriental Hyde Park Limited

Statement of Comprehensive Income
For the year ended 31st December 2022

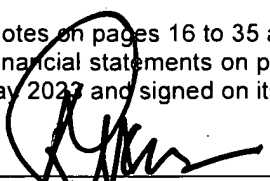
	Note	2022 £ '000	2021 £ '000
Revenue	5	70,669	31,376
Cost of sales	6	<u>(48,327)</u>	<u>(27,506)</u>
Gross profit		22,342	3,870
Distribution costs	6	(5,229)	(2,803)
Administrative expenses	6	<u>(10,966)</u>	<u>(7,256)</u>
Operating profit/ (loss)		6,147	(6,189)
Other Income	23	767	3,608
Finance income		43	1
Finance costs	9	<u>(4,831)</u>	<u>(2,614)</u>
Profit/ (loss) before interest and taxation		2,126	(5,194)
Tax on profit/ (loss)	10	(518)	(7,906)
Profit/ (loss) for the financial year		<u>1,608</u>	<u>(13,100)</u>
Other comprehensive income	16	<u>1,453</u>	<u>1,224</u>
Total comprehensive income/ (expense)		<u>3,061</u>	<u>(11,876)</u>

Mandarin Oriental Hyde Park Limited

Statement of Financial Position
As at 31 December 2022
Registration No. 06192910

	Note	2022 £ '000	2021 £ '000
Assets			
Fixed assets			
Intangible assets	11	179	50
Property, plant and equipment	12	261,019	266,233
Deferred tax assets	15	-	8,500
Derivative financial instruments	16	1,800	-
		<u>262,998</u>	<u>274,783</u>
Current assets			
Inventories	13	826	769
Trade and other receivables	14	7,527	3,190
Cash and cash equivalents		30,242	15,212
		<u>38,595</u>	<u>19,171</u>
Total assets		301,593	293,954
Current liability			
Trade and other payables	17	125,758	116,657
		<u>125,758</u>	<u>116,657</u>
Current liability			
Net current liabilities		(87,163)	(97,486)
Non-current liabilities			
Bank loans and credit facilities	19	80,376	80,279
Derivative financial Instruments	16	-	138
Non-Current Creditor	18	3,015	-
Deferred tax liabilities	15	35,295	42,792
		<u>118,686</u>	<u>123,209</u>
Non-current liabilities			
Net assets		57,149	54,088
Equity			
Ordinary shares	20	900	900
Share premium account		89,101	89,101
Hedging Reserve		1,351	(102)
Accumulated losses		(34,203)	(35,811)
Total shareholders' funds		57,149	54,088

The notes on pages 16 to 35 are an integral part of these financial statements.
The financial statements on pages 13 to 35 were approved and authorised for issue by the Board on 5th May 2023 and signed on its behalf by:


Torsten Maghe Van Dullemen
Director

Mandarin Oriental Hyde Park Limited

Statement of Changes in Equity
For the year ended 31 December 2022

	Ordinary shares	Share Premium	Hedge Reserve	Accumulated Losses	Total
	£'000	£'000	£'000	£'000	£'000
Balance as at 1 January 2022	900	89,101	(1,326)	(22,711)	65,964
Loss and total comprehensive expense	-	-	1,224	(13,100)	(11,876)
Balance as at 31 December 2021	900	89,101	(102)	(35,811)	54,088
Profit and total comprehensive income	-	-	1,453	1,608	3,061
Balance as at 31 December 2022	900	89,101	1,351	(34,203)	57,149

Mandarin Oriental Hyde Park Limited

Notes to the Financial Statements

1. Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting standard 101, 'Reduced Disclosure Framework' (FRS 101) and 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.

a) 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 operational existence for at least 12 months from the signing of these financial statements. The Company was recovering from COVID-19 in post pandemic period in 2021 and was fully operating during second half of 2021 and so the hotel was fully open and operational at before the start of this financial year. Based on the assumptions about the future trading performance the company is expecting to increase cash flow, achieve strong revenue and deliver profit.

Further stress testing has been carried out to ensure that the company has sufficient cash resources to continue operate for at least 12 months from the date of signing of the accounts. The stress testing considered a severe by plausible downside however despite the extremely low probability of such an event happening the company will still have a positive cash surplus at the end of the 12-month period from the signing of the accounts.

Furthermore, a confirmation has been obtained from an intermediate holding company that other companies in the group will not demand payment of the intercompany balances for at least 15 months from the account signing date. The intermediate holding company will also advance further amounts to Mandarin Oriental Hyde Park Limited as required.

Based on the circumstances described above and the supporting calculations, the Directors are confident that all potential risks and uncertainties have been considered, together with the availability of funds hence the financial statements are prepared on the assumption that the entity is a going concern.

b) Revenue

Revenue comprises amounts earned in respect of rental of rooms, food and beverage sales, spa treatments and other ancillary services and goods supplied by the hotel. Revenue from rental of rooms is recognised over the period when rooms are occupied, or services are performed. Revenue from the sale of food and beverages and goods is recognised at the point of sale when the food and beverages and goods are delivered to customers. Other ancillary services and goods includes revenue from the delivery of spa treatments, which is recognised when services are performed.

Payment is due immediately when the hotel guest occupies the room and receives the services and goods. Packages offered by the hotel include multiple deliverables, such as the room and breakfast package. The transaction price will be allocated to each performance obligation based on the stand-alone selling prices.

Provisions are made for bad and doubtful debts when there is an expectation that all or a portion of the amount due will not be recovered.

Mandarin Oriental Hyde Park Limited

Notes to the Financial Statements (continued)

1. Accounting Policies (continued)

c) Property Plant and Equipment

Fixed assets are stated at historical purchase cost, together with any directly attributable incidental costs of acquisition, less accumulated depreciation.

- i) Freehold land: freehold land is not depreciated, and the directors do not intend to apply a policy of revaluation.
- ii) Long leasehold land: depreciation is provided over the period of the lease.
- iii) Freehold improvements: assets in the freehold improvements category are separately identified as either building core or building surfaces and finishes.
- iv) Construction in progress: these assets are transferred to freehold improvements, plant and machinery and furniture, fittings and equipment as appropriate when the relevant stage of the refurbishment is complete. Depreciation is provided once these assets are available for use by the company.

Depreciation is calculated so as to write off the cost of tangible assets, less their estimated residual value, on a straight-line basis over their estimated useful economic lives, as follows:

Asset class		Depreciation method and rate
Freehold land	-	Not depreciated
Long leasehold land	-	999 years - straight line basis
Freehold improvements: core building	-	100 years - straight line basis
Freehold improvements: surfaces and finishes	-	15-25 years - straight line basis
Plant and machinery	-	10-15 years - straight line basis
Fixtures, fittings and equipment	-	3-10 years - straight line basis

(d) Inventory

Inventory consist of raw materials and consumables and are stated at the lower of cost or net realisable value after due regard to obsolete and slow-moving items. Net realisable value is based on selling price less selling costs.

(e) 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 reporting date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the reporting 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 reporting 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 determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled. Deferred tax is measured on a non-discounted basis.

Mandarin Oriental Hyde Park Limited

Notes to the Financial Statements (continued)

1. Accounting Policies (continued)

(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 the statement of comprehensive income.

(g) Cash and cash equivalent

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

(h) Long leasehold land

The company has an interest in a leasehold land for use in its operations. The land interest was granted by the previous registered owner and there are no ongoing payments to be made under the term of the land lease. The interest is stated at cost and is amortised over the term of the lease. Long leasehold land is presented as part of Property, plant and equipment.

(i) 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 other than derivative financial instruments are categorised as amortised cost. Such assets are subsequently carried at amortised cost using the effective interest rate method of the time value of money may have a significant impact on their value.

The company assesses at the reporting 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. By using Expected Credit Loss method (ECL) entities consider historic, current and forward-looking information. This results in the earlier recognition of credit losses as entities do not wait for an incurred loss event to have occurred before credit losses are recognised.

Financial liabilities other than derivative financial instruments are subsequently measured at amortised cost using the effective interest rate method.

(j) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Mandarin Oriental Hyde Park Limited

Notes to the Financial Statements (continued)

1. Accounting Policies (continued)

(k) Derivative financial instruments

The company only enters into derivative financial instruments in order to hedge underlying exposures. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value based on the valuation provided by the bank. The resulting gain or loss is recognised in the statement of comprehensive income. At inception of the hedge relationship, the company documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The company documents its risk management objective and strategy for undertaking its hedge transactions. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

(l) Pensions

The cost of providing pensions and other post-retirement benefits for employees in respect of defined contribution schemes is charged against the statement of comprehensive income as incurred.

(m) Segmental information

The revenue and trading results are attributable to the company's sole business of owning and operating a hotel in London trading under the name of Mandarin Oriental Hyde Park Limited. All of the company's revenue originates in the United Kingdom.

(n) Share based payments

Share-based long-term incentive plans have been set up by Mandarin Oriental International Limited ("MOIL") to provide incentives for selected executives. Awards can take the form of share options over shares in MOIL with an exercise price based on the then prevailing market prices, such other price set by the directors of MOIL, or they can be share awards which will vest free of payment. Awards normally vest on or after the third anniversary of the date of grant and may be subject to the achievement of performance conditions.

The fair value of the employee services received in exchange for the grant of the share options or the share awards is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options or the share awards granted as determined on the grant date. At each reporting date, the company revises its estimates of the number of options that are expected to become exercisable and the number of share awards which will vest free of payment. The impact of the revision of original estimates, if any, is recognised in the statement of comprehensive income.

(o) Provision of Impairment

Receivable provision is completed using Expected Credit Loss method (ECL). In this method financial asset is held at amortised cost (a recognition of a loss allowance before the credit loss is incurred).

Mandarin Oriental Hyde Park Limited

Notes to the Financial Statements (continued)

1. Accounting Policies (continued)

(p) Government Grant

IAS 20, a government grant is recognised only when there is reasonable assurance that the hotel complies with any conditions attached to the grant and the grant will be received. The grant is recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis. A grant receivable as compensation for costs already incurred or for immediate financial support, with no future related costs, should be recognised as other income in the period in which it is receivable.

(q) Amount due to a business partner

Associated with a restaurant opening in the hotel, a business partner has provided the hotel with a funding to fit out the restaurant. This amount falls under the scope of IFRS 9 and is recognised as a financial liability. At initial recognition this is recognised at fair value and is subsequently remeasured at amortised cost.

(r) Share premium policy

The excess of share issue consideration over the par value is recognised as share premium within equity.

(s) Changes in principal accounting policies

There are no changes in principal accounting policies.

2. 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.

The principal estimates and assumptions that have an effect on the reported amounts of assets and liabilities, and income and expenses are discussed below. 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.

Useful lives

Management determines the estimated useful lives and related depreciation charges for the company's freehold improvements. Management will revise the depreciation charge where useful lives are different to those previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned.

Mandarin Oriental Hyde Park Limited

Notes to the Financial Statements (continued)

2. Critical accounting estimates and judgements (continued)

Remeasurement of amount due to a business partner

The amount due to a business partner is remeasured at amortised cost at each financial period end. As the repayment of the amount is in the form of a profit share, the measurement of the amortised cost is based on the future forecasts of the associated restaurant. As the restaurant has only operated for eleven months in the current year, there is not a most reliable estimate of future cash flows. Management has analysed a number of reasonably possible scenarios to derive the remeasurement for the current year. A remeasurement gain of £767,000 is disclosed in Note 23.

3. 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) The requirement under IFRS 2 to disclose detailed qualitative and quantitative information about the share-based payment arrangements in place. A description of the arrangements along with the number of options exercised and the year-end position is however included in Note 21;
- b) The disclosure requirements of IFRS 7 in relation of the risks faced by the company as a result of its financial instruments;
- c) Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- d) Paragraphs 38 of IAS 1, 'Presentation of financial statements' - comparative information requirements in respect of:
 - paragraph 73(e) of IAS 16, 'Property, plant and equipment'
 - 10(d), (statement of cash flows)
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures)
- e) IAS 7, 'Statement of cash flow';
- f) 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)
- g) Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- h) The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Mandarin Oriental Hyde Park Limited
Notes to the Financial Statements (continued)
3. Disclosure exemptions adopted (continued)

- i) The requirement to disclose the valuation techniques, key assumptions and sensitivity to such assumptions in relation to items measured at fair value and which fall within levels 2 or 3 of the fair value hierarchy.
- j) The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers"

The 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 24 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.

5. Revenue

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

	2022	2021
	£ '000	£ '000
Room revenues	46,750	18,845
Food and beverage sales	20,192	10,076
Other revenue	3,727	2,455
	<u>70,669</u>	<u>31,376</u>
Revenue from contracts with customers	2022	2021
	£'000	£'000
Recognised at point in time	20,192	10,076
Recognised over time	50,477	21,300
	<u>70,669</u>	<u>31,376</u>

All revenues generated by the company are attributable to the company's sole business of owning and operating a hotel in London trading under the name of Mandarin Oriental Hyde Park. All company's revenue originates in the United Kingdom.

Revenue recognised in the current year relating to carried-forward deferred income is £715,075 (2021: £692,894).

Mandarin Oriental Hyde Park Limited**Notes to the Financial Statements (continued)****6. Operating profit/ (loss)**

Operating profit/ (loss) is stated after charging:

(a) An analysis of the company's cost of sales is below:

	2022	2021
	£ '000	£ '000
Cost of inventories recognised as an expense	2,171	1,050
Materials and other direct costs	16,130	5,791
Depreciation	7,264	7,355
Gain on disposal of fixed assets	-	-108
Amortisation	90	93
Direct wages and other employment costs	19,131	11,575
Royalties, licenses and commissions	3,430	1,619
Operating expense - plant & equipment	111	131
	48,327	27,506

(b) An analysis of the company's distribution costs is as follows

	2022	2021
	£ '000	£ '000
Wages, salaries and other employment costs	1,588	1,122
Sales and marketing	474	678
Related party marketing fees	1,767	491
Advertising	1,400	512
	5,229	2,803

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

	2022	2021
	£ '000	£ '000
Auditors' remuneration		
audit of the financial statements	70	88
tax compliance	30	30
Wages, salaries and other employment costs	3,456	2,661
Professional fees	385	284
Related party management fees	2,570	896
Related party royalties and commissions	707	327
Other administrative expenses	3,748	2,970
	10,966	7,256

Mandarin Oriental Hyde Park Limited**Notes to the Financial Statements (continued)****7. Employee information**

The monthly average number of employees on a full time/part time basis, during the year was:

	2022	2021
	Number	Number
Rooms	116	102
Food & Beverage	253	233
Other Operating Departments	41	48
Administration & General	104	91
Selling & Distribution	17	14
	531	488

The aggregate payroll costs were as follows:

	2022	2021
	£ '000	£ '000
Wages and salaries	20,827	13,306
Social security costs	1,905	1,182
Other pension costs	810	597
	23,542	15,085

There are no share based payments made in 2022 (2021: nil). No directors (2021: nil) are holding any vested or unvested Mandarin Oriental International Limited ("MOIL") Share Options.

8. Directors' remuneration

In 2022 Directors have received remuneration in the amount of £763,045 from MOHPL (2021: £585,210). The highest paid Director has received remuneration in the amount of £763,045 from MOHPL (2021: £445,241), among which £7,000 (2021: £14,037) relates to company contributions to a pension scheme. The remaining Directors do not receive any remuneration from the company as this remuneration was borne by other group companies and reasonable allocation cannot be made.

The aggregate value of company contributions to a pension scheme for Directors was £7,000 (2021: £14,307). One hundred percent of this amount relates to one Director.

In 2022, there were no Directors which exercised stock options (2021:nil). No Director received qualifying services shares under a LT incentive scheme during the year (2021: nil).

9. Finance costs

	2022	2021
	£ '000	£ '000
Interest on bank loans and credit facilities	2,029	1,332
Interest on loans from group undertakings	2,720	1,282
Interest on amount due to a business partner	82	-
	4,831	2,614

Mandarin Oriental Hyde Park Limited

Notes to the Financial Statements (continued)

10. Tax on profit/ (loss)

	2022 £ '000	2021 £ '000
Current tax		
UK corporate tax charge	-	-
Adjustments in respect of prior years	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of temporary differences	518	(357)
Adjustments in respect of prior years	-	(62)
Effect of change in tax rates	-	8,325
Total deferred tax	518	7,906
Total tax charge	518	7,906

	2022 £ '000	2021 £ '000
Profit/ (loss) before taxation	2,126	(5,557)
Corporation tax at the standard rate 19% (2021: 19%)	404	(1,056)
Expenses not deductible for tax purposes	55	10
Other permanent differences	348	303
Adjustments in respect of prior years	-	(62)
Group relief surrendered	35	386
Deferred tax	-	-
Difference in tax rates	(324)	8,325
Total tax charge	518	7,906

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Mandarin Oriental Hyde Park Limited**Notes to the Financial Statements (continued)****11. Intangible assets**

	2022 £ '000	2021 £ '000
Cost		
At 1 January	2,036	2,019
Additions	219	17
	<hr/>	<hr/>
At 31 December	2,255	2,036
	<hr/>	<hr/>
Accumulated amortisation		
At 1 January	1,986	1,893
Charge for the year	90	93
	<hr/>	<hr/>
At 31 December	2,076	1,986
	<hr/>	<hr/>
Net book value:		
At 31 December	179	50
	<hr/>	<hr/>

Mandarin Oriental Hyde Park Limited

Notes to the Financial Statements (continued)

12. Property, plant and equipment

	Freehold land £ '000	Long leasehold land £ '000	Freehold improvements £ '000	Construction in progress £ '000	Plant and machinery £ '000	Fixtures, fittings and equipment £ '000	Total £ '000
Cost							
At 1 January 2022	109,431	7,076	170,032	2,399	16,098	40,896	345,932
Additions	-	-	569	390	-	1,091	2,050
Transfer	-	-	2,197	(2,399)	-	202	-
Disposal	-	-	-	-	-	-	-
At 31 December 2022	109,431	7,076	172,798	390	16,098	42,189	347,982
Accumulated depreciation							
At 1 January 2022	-	77	41,131	-	8,667	29,824	79,699
Charge for the year	-	7	2,972	-	816	3,469	7,264
Disposal	-	-	-	-	-	-	-
At 31 December 2022	-	84	44,103	-	9,483	33,293	86,963
Net book value							
At 31 December 2022	109,431	6,992	128,695	390	6,615	8,896	261,019
At 31 December 2021	109,431	6,999	128,901	2,399	7,431	11,072	266,233

Tangible assets include the hotel known as Mandarin Oriental Hyde Park. The market value of the hotel at 31 December 2022 is £402,100,000 as per valuation report presented by Jones Lang LaSalle Ltd (2021: £402,400,000). Included in depreciation is £17,166,000 charged in prior years to reduce the carrying value of the hotel to its market value.

Mandarin Oriental Hyde Park Limited

Notes to the Financial Statements (continued)

13. Inventories

	2022 £ '000	2021 £ '000
Consumables and goods for resale	<u>826</u>	<u>769</u>

There was no significant difference between the replacement cost of stocks and its carrying value.

14. Trade and other receivables

	2022 £ '000	2021 £ '000
Trade receivables	3,277	2,029
Prepayments	1,665	872
Other receivables	<u>2,585</u>	<u>289</u>
	<u>7,527</u>	<u>3,190</u>

Trade receivables are stated after provision for impairment of £813,394 (2021: £791,313). No other receivables are considered to be past due.

15. Deferred tax

The provision for deferred tax consists of the following deferred tax (assets)/ liabilities:

	2022 £ '000	2021 £ '000
Deferred tax assets	(7,797)	(8,500)
Deferred tax liabilities	<u>43,092</u>	<u>42,792</u>
Carrying amount at year end	<u>35,295</u>	<u>34,292</u>

Deferred tax assets

	2022 £ '000	2021 £ '000
At 1 January	(8,500)	(6,372)
Debited/ (credited) to the statement of comprehensive income	667	(2,404)
Debited to hedging reserves	<u>36</u>	<u>276</u>
At 31 December	<u>(7,797)</u>	<u>(8,500)</u>

Mandarin Oriental Hyde Park Limited**Notes to the Financial Statements (continued)****15. Deferred tax (continued)****Analysis of deferred tax assets**

	2022	2021
	£ '000	£ '000
Losses	(7,797)	(8,464)
Hedging reserve	-	(36)
	<u>(7,797)</u>	<u>(8,500)</u>

Deferred tax liabilities

	2022	2021
	£ '000	£ '000
At 1 January	42,792	32,482
(Debited)/ credited to the statement of comprehensive income	(149)	10,310
Credited to hedging reserves	449	-
At 31 December	<u>43,092</u>	<u>42,792</u>

Analysis of deferred tax liabilities

	2022	2021
	£ '000	£ '000
Assets not qualifying for capital allowances	28,696	28,740
Assets qualifying for capital allowances	11,939	12,222
Other timing differences	2,008	1,830
Hedging reserve	449	-
	<u>43,092</u>	<u>42,792</u>

There are no unused tax losses or unused tax credits.

Mandarin Oriental Hyde Park Limited

Notes to the Financial Statements (continued)

16. Derivative financial instruments

The company holds an interest rate swap in order to reduce the interest rate risk associated with the floating rate loan held. The movement in the derivative financial instruments is as follows:

	2022 £ '000	2021 £ '000
At 1 January	(1,637)	(694)
Net profit	1,499	(943)
At 31 December	(138)	(1,637)
Net profit	1,938	1,499
At 31 December	1,800	(138)
Deferred tax (liability)/ asset on derivatives	(449)	36
	2022 £'000	2021 £ '000
Shown as:		
Non-current Liabilities	-	138
Non-current Assets	1,800	-

The notional principal amounts of the outstanding interest rate swap contracts at 31st December 2022 were £40,000,000 (2021: 40,000,000). The impact on the other comprehensive income net of deferred tax from the movement of Derivative financial instruments is £1,453,000 (2021: £1,224,000).

17. Trade and other payables

	2022 £ '000	2021 £ '000
Trade creditors	5,579	3,112
Amounts owed to group undertakings	5,800	5,800
Loans from group undertakings	103,848	101,279
Pension contributions payable	443	79
Accruals and other creditors	8,872	5,669
Deferred income	1,216	715
Corporation Tax	-	3
	125,758	116,657

Amounts owed to group undertakings are unsecured, interest free and repayable on demand. The loans from group undertakings bear interest at a rate 2.25% (2021: 2.25%) above the highest rate paid by the company on its bank loans and are repayable on demand.

Mandarin Oriental Hyde Park Limited

Notes to the Financial Statements (continued)

18. Non-Current Creditor

	2022 £ '000	2021 £ '000
Amount due to a business partner	3,015	-

The hotel opened a new restaurant in January 2022. The business partner for the restaurant has provided the hotel with £3,700,000 to fund the fit out of the restaurant. From a number of reasonably possible scenarios analysed by management, a £767,000 remeasurement gain (Note 23) of the funding is resulted for the current year. Together with interest expenses of £82,000 (Note 9), the amount due to a business partner is £3,015,000 as at 31 December 2022.

19. Bank loans and credit facilities

The bank loans and credit facilities outstanding at 31 December are as follows:

	2022 £ '000	2021 £ '000
Bank loans	80,500	80,500
Less loan arrangement fees	(124)	(221)
	80,376	80,279
Less:		
Current portion of bank loan	-	-
	80,376	80,279

The company agreed a new 5-year £ 90 million loan facility in April 2019, comprising of entire £90 million as revolving credit facility. The secured term loan bears interest at a rate of LIBOR +0.90, matures in April 2024 and is secured by way of fixed and floating charges on the assets and liabilities of the company. Commitment fees are based on the utilisation, if the utilisation is greater than 75% of the total commitments, then 0.15% per annum is payable on undrawn amounts. If the utilisation is equal to or greater than 50% of the total commitments, then 0.25% per annum is payable on undrawn amounts and if the utilisation is less than 50% of the total commitments, then 0.315% per annum is payable on undrawn amounts. £40 million has been hedged using 5-year interest rate swap at a fixed rate of 1.191% payable/receivable quarterly. The Floating rate (Natwest – Floating rate payer) is based on the floating rate option GBP-SONIA-COMPOUND with 3-month maturity.

Mandarin Oriental Hyde Park Limited**Notes to the Financial Statements (continued)****20. Called up share capital**

	2022		2021	
	No. '000	£ '000	No. '000	£ '000
Allotted, called up and fully paid shares of £0.01 each	90,001	900	90,001	900

21. Share based payments

Share-based long-term incentive plans have been set up by Mandarin Oriental International Limited ("MOIL") to provide incentives for selected executives. Awards can take the form of share options with an exercise price based on the then prevailing market prices, such other price set by the directors of MOIL, or share awards which will vest free of payment. Awards normally vest on or after the third anniversary of the date of grant and may be subject to the achievement of performance conditions.

The 2014 Plan was set up on 6th March 2014 to grant awards to selected executives, some of whom are Directors of the Company. Under the 2014 Plan, the free shares are received by the participants to the extent the award vests and may be subject to the achievement of performance conditions. No conditional share awards were awarded in 2022 and 2021 under the 2014 Plan.

Prior to the adoption of the 2014 Plan, The Mandarin Oriental International Share Option Plan 2005 provided selected executives with options to purchase ordinary shares in MOIL. The exercise price of the granted options was based on the average market price for the five trading days immediately preceding the date of grant of the options. Options are vested over a period of up to three years and are exercisable for up to ten years following the date of grant. No share options were exercised by employees of the company during the year.

Mandarin Oriental Hyde Park Limited**Notes to the Financial Statements (continued)****22. Commitments****Capital commitments:**

There is no lease or capital commitments in 2022.

	2022 £ '000	2021 £ '000
Capital commitments for capital expenditure not provided in the financial statements	-	-

23. Other Income

In year 2021, furlough claim received at value £2,258,000; insurance revenue received at value £1,350,000 defined as Other Income. In year 2022, a remeasurement gain of £767,000 is recognised in relation to the amount due to a business partner (Note 18).

	2022 £ '000	2021 £ '000
Other Income	767	3,608

24. Controlling parties

The company is a private company limited by shares, incorporated and domiciled in the United Kingdom. The company is owned and controlled by its immediate parent undertaking, Mandarin Oriental London Limited., a company incorporated in England and Wales. Its publicly quoted parent undertaking is Mandarin Oriental International Limited, a company incorporated in Bermuda.

The largest and smallest group for which consolidated 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 a standard listing on the London Stock Exchange and secondary listings in Bermuda and Singapore.

Mandarin Oriental Hyde Park Limited

Notes to the Financial Statements (continued)

25. Financial risk management

Financial derivative contracts are executed between a third party bank and the company that is directly exposed to the risk being hedged. Hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. The effective portion of the change in the fair value of the hedging instrument is deferred into the hedge reserve through other comprehensive income and will be recognised in profit and loss when the hedged item affects profit and loss. In general, the volatility in profit or loss can be reduced by applying hedge accounting.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The company enters into interest rate swaps and caps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The company does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, effective economic relationship existed between the swaps and the loans.

The company performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the company uses the hypothetical derivative method to assess effectiveness.

The ineffectiveness during 2022 or 2021 in relation to the interest rate swaps was not material.

Interest rate risk

The company is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, and partly through the use of derivative financial instruments such as interest rate swaps and caps. At 31 December 2022 £40,000,000 of the company's borrowings (2021: £40,000,000) were hedged by a qualifying interest rate swap.

Credit risk

The company has no significant concentrations of credit risk. It has policies in place to ensure that sales are made principally to travel agents and corporate companies with an appropriate credit history. Sales to other customers are made in cash or via major credit cards. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions. The company has policies that limit the amount of credit exposure to any particular financial institution.

Fair value estimation

The fair values of derivative financial instruments are determined using rates quoted by the company's banker at the balance sheet date. The rates for interest rate swaps and caps are calculated by reference to market interest rates.

Mandarin Oriental Hyde Park Limited**Notes to the Financial Statements (continued)****26. Subsequent Events**

No subsequent events after year end.