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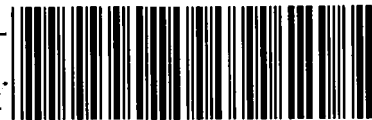
DON'T
STAPLE**OS AA01**Statement of details of parent law and other
information for an overseas company

Companies House

✓ What this form is for
You may use this form to
accompany your accounts
disclosed under parent law.

✗ What this form is NOT for
You cannot use this form
for an alteration of manner of
with accounting requirements.

FRIDAY



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20/05/2022

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COMPANIES HOUSE

Part 1 Corporate company nameCorporate name of
overseas company ①

REGIS HOTEL (OPCO) UK S.A.

UK establishment
number

B R 0 1 6 5 7 3

→ Filling in this form
Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

① This is the name of the company in
its home state.

**Part 2 Statement of details of parent law and other
information for an overseas company****A1****Legislation**

Please give the legislation under which the accounts have been prepared and
audited.

Legislation ②

LUXEMBOURG & UK

② This means the relevant rules or
legislation which regulates the
preparation of accounts.

A2**Accounting principles**

Accounts

Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box.

☐ No. Go to Section A3.

☒ Yes. Please enter the name of the organisation or other
body which issued those principles below, and then go to Section A3.

③ Please insert the name of the
appropriate accounting organisation
or body.

Name of organisation
or body ③

EUROPEAN UNION

OS AA01

Statement of details of parent law and other information for an overseas company

A3

Audited accounts

Audited accounts

Have the accounts been audited in accordance with a set of generally accepted auditing standards?

Please tick the appropriate box.

☐ No. Go to Part 3 'Signature'.

☒ Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'.

① Please insert the name of the appropriate accounting organisation or body.

Name of organisation or body ①

EUROPEAN UNION (AUDITED BY ERNST & YOUNG)

Part 3

Signature

Signature

I am signing this form on behalf of the overseas company.

Signature

X

X

This form may be signed by:
Director, Secretary, Permanent representative.

OS AA01

Statement of details of parent law and other information for an overseas company



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name

Company name **MENZIES LLP**

Address **ASHCOMBE HOUSE**

5 THE CRESCENT

Post town **LEATHERHEAD**

County/Region

Postcode

K	T	2	2		8	D	Y
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Country **01372 360130**

DX

Telephone



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.



Important information

Please note that all this information will appear on the public record.



Where to send

You may return this form to any Companies House address:

England and Wales:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Scotland:

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Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1

Northern Ireland:

The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG.
DX 481 N.R. Belfast 1.



Further information

For further information, please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

REGIS HOTEL (OPCO) UK S.A.

15, boulevard Roosevelt

L-2450 LUXEMBOURG

RCS LUXEMBOURG: B176224

**FINANCIAL STATEMENTS, INDEPENDENT AUDITOR'S REPORT AND MANAGEMENT
REPORT AS AT 31 DECEMBER 2019**

REGIS HOTEL (OPCO) UK S.A.

COMPANY INFORMATION

DIRECTORS

Class A Directors

HE Sheikha Lulwah bint Hamad bin Khalifa
from 1 December 2018 until the general meeting held in 2022
Mr. Marc Socker
from 1 December 2018 until the general meeting held in 2022

Class B Directors

Mr Jean Faber
from 1 December 2018 until the general meeting held in 2022
Mr Didier Kirsch
from 1 December 2018 until the general meeting held in 2022
Mr. François Faber
from 1 December 2018 until the general meeting held in 2022

REGISTERED NUMBER

B176224

REGISTERED OFFICE

15 Boulevard Roosevelt
L-2450
Luxembourg

INDEPENDENT AUDITOR

Ernst & Young
Société anonyme
35E avenue John F. Kennedy
Luxembourg, L-1855 Luxembourg

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Statement of changes in equity	13
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Ernst & Young
Société anonyme
35E, Avenue John F. Kennedy
L-1855 Luxembourg

Tel : +352 42 124 1
www.ey.com/luxembourg

B.P. 780
L-2017 Luxembourg

R.C.S. Luxembourg B 47 771
TVA LU 16063074

Independent auditor's report

To the Shareholders of
Regis Hotel (OpCo) UK S.A.
15, Boulevard Roosevelt
L-2450 Luxembourg

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Regis Hotel (OpCo) UK S.A. (the "Company"), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to the Note 25 "Subsequent events" of the financial statements which discusses the Corona (Covid-19) virus outbreak which took place subsequent to the reporting year end. The developments surrounding Covid-19 led to the closure of the hotel owned by the Company, resulting in a significant decrease in Company's operations and performance and consequently in financial impacts for the Company. Our opinion is not modified in respect of this matter.



Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Board of Directors determines 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 Board of Directors is 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "réviseur d'entreprises agréé" 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 a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



**Building a better
working world**

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The management report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

Ernst & Young
Société anonyme
Cabinet de révision agréé



Pavel Nesvedov

Luxembourg, 3 August 2020

REGIS HOTEL (OPCO) UK S.A.

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2019

	Notes	2019 £000	2018 £000
Continuing operations			
Revenue	5	54,360	59,424
Cost of sales	5	(33,672)	(34,111)
Gross profit		20,688	25,312
Administrative expenses	5	(13,941)	(14,645)
Operating profit		6,747	10,667
Profit on disposal of tangible assets		-	1
Finance costs	8	(11,447)	(10,845)
Loss before taxation		(4,700)	(177)
Income tax	9	(1,043)	(1,437)
Loss for the year attributable to equity shareholders		(5,743)	(1,614)
Other comprehensive loss		-	-
Total comprehensive loss for the year		(5,743)	(1,614)

The accompanying notes form an integral part of the financial statements.

REGIS HOTEL (OPCO) UK S.A.

STATEMENT OF FINANCIAL POSITION
for the year ended 31 December 2019

		2019	2018
	Notes	£000	£000
ASSETS			
Non-current assets			
Property and equipment	10	226,874	219,442
Intangible assets	11	97,469	100,203
Right of use assets	12	1,741	-
		326,084	319,645
Current assets			
Inventories		166	171
Trade and other receivables	13	1,897	1,560
Other current assets	17	377	353
Cash and cash equivalents	14	20,546	16,097
		22,986	18,181
Total assets		349,070	337,826
LIABILITIES AND EQUITY			
Non-current liabilities			
Deferred tax liabilities	9	34,173	34,471
Loans and borrowings	16	308,100	296,143
Lease liabilities		1,494	-
		343,767	330,614
Current liabilities			
Trade and other payables	15	11,284	8,546
Loans and borrowings	16	3,247	2,798
Lease liabilities		206	-
Income tax payable		1,635	1,194
		16,372	12,538
Total liabilities		360,139	343,152
Equity attributable to equity holders of the parent			
Issued share capital	20	27	27
Retained earnings		(11,096)	(5,353)
Total equity		(11,069)	(5,326)
Total equity and liabilities		349,070	337,826

The accompanying notes form an integral part of the financial statements.

REGIS HOTEL (OPCO) UK S.A.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2019

		<i>Share capital</i>	<i>Retained Earnings</i>	<i>Total equity</i>
	<i>Notes</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 31 December 2017		27	(3,739)	(3,712)
Loss for the year		-	(1,614)	(1,614)
Other comprehensive income		-	-	-
At 31 December 2018		27	(5,353)	(5,326)
Loss for the year		-	(5,743)	(5,743)
Other comprehensive income		-	-	-
At 31 December 2019	22	27	(11,095)	(11,069)

The accompanying notes form an integral part of the financial statements.

REGIS HOTEL (OPCO) UK S.A.

STATEMENT OF CASH FLOWS
for the year 31 December 2019

	Notes	2019 £000	2018 £000
Operating activities			
Loss before taxation		(4,700)	(177)
Adjustments to reconcile profit before taxation to net cash flows:			
Depreciation of property and equipment	10	5,146	4,984
Amortisation of intangible assets	11	2,733	2,736
Finance costs	8	11,447	10,845
Proceeds from sale of property and equipment		-	(1)
Working capital adjustments:			
Decrease / (Increase) in current assets		(356)	253
Increase / (Decrease) in current liabilities		2,739	(1,088)
		17,009	17,552
Interest paid		(7,351)	(6,581)
Other finance costs paid		(2,174)	(3,385)
Income tax paid		(904)	(761)
Net cash flow from operating activities		6,580	6,825
Investing activities			
Purchase of property and equipment & intangible assets	10,11	(12,449)	(4,260)
Proceeds from disposal of tangible assets		-	1
Net cash flow used in investing activities		(12,449)	(4,259)
Financing activities			
Proceeds /(Repayments) from borrowings - net		14,780	42,500
Proceeds / (Repayments) of the shareholder loan		(4,462)	(41,386)
Net cash flow from financing activities		10,318	1,114
Increase in cash and cash equivalents		4,449	3,680
Cash and cash equivalents at the beginning of the period		16,097	12,417
Cash and cash equivalents at 31 December		20,546	16,097

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2019

1. Corporate information

Regis Hotel (OpCo) UK S.A. ('the Company') was incorporated on 18 March 2013 and is organized under the laws of Luxembourg as a public limited liability company ("Société Anonyme") for an unlimited period. The registered office of the Company is established at 15, boulevard Roosevelt L-2450 Luxembourg, Grand Duchy of Luxembourg. The Company's financial period ends on 31 December of each year.

As per notary deed as of 22 May 2018, the Company changed its name into Regis Hotel (OpCo) UK S.A.

The financial statements of Regis Hotel (OpCo) UK S.A. for the year ended 31 December 2019 were authorised for issue by the board of directors on 30 June 2020 and the statement of financial position was signed on the board's behalf by H.E. Sheikha Lulwah Bint Hamad bin Khalifa AL-THANI and Mr. Didier KIRSCH. Regis Hotel (OpCo) UK S.A. is a private limited company incorporated in Luxembourg.

The Company's main activity is to operate the hotel known as the InterContinental London Park Lane.

Besides, the purpose of the Company comprises as well the acquisition of participations, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever and the management of such participations. The Company may in particular acquire by subscription, purchase and exchange or in any other manner any stock, shares and other participation, derivative products, options, securities, bonds, debentures, certificates of deposit and other debt instruments and more generally, any securities and financial instruments issued by any public or private entity. It may participate in the creation, development, management and control of any company or enterprise. It may further invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin. The company may enter into any kind of derivative agreements, forward agreements, options and swap agreements, and any other similar agreements. The company may invest directly or indirectly in real estate whatever the acquisition modalities.

From 27 October 2017 on until 31 May 2019, the Company's immediate parent undertaking is Regis Investment S.A., a company incorporated in Luxembourg. From 31 May 2019, the Company's immediate parent undertaking has been changed to Siger Invest S.A. (Note 23).

2. Going concern

The Company has a negative net equity as at 31 December 2019. The ability of the Company to continue as a going on concern is dependent on the future profitability of its operations and the financial support of its shareholders, including Regis Investment S.A., acting as the direct shareholder of Siger Invest S.A., which on its turn is the sole immediate shareholder of the Company. The directors obtained assurance from Regis Investment S.A. and the ultimate shareholder that they will financially support the Company in form of cash, loans, additional equity or unwinding the loans payable by the Company to the immediate parent. Based on this, the directors concluded that a going concern assumption is appropriate for preparing these financial statements. In the context of the subsequent Covid-19 outbreak (see note 25) management of the Company is even closer looking at its contractual debt obligations and proactively manages its liquidity (see note 16).

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2019

3. Basis of preparation

The Company has prepared these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). These financial statements have been prepared on a historical cost basis and on a going concern basis.

The company financial statements are presented in Sterling Pound and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

4. Summary of accounting policies

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2019.

Business combination and goodwill

The Company applies the acquisition method to account for business combinations when the transaction meets the criteria for such accounting treatment in accordance with IFRS 3. The consideration transferred for the acquisition of a subsidiary that meets the definition of a business is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquire and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Company is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date.

After initial recognition, any positive goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2019

4. Summary of accounting policies (continued)

Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Intangible assets

Amortization is provided on a straight line basis over the estimated useful lives of the assets, which are as follows:

Management contact –	30 years
Computer software –	3 years

Amortization is stated in the income statement under Administrative expenses.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets as follows:

Buildings	–	over the life of the lease
Fixtures, fittings and equipment	–	3 -25 years

Depreciation is stated in the income statement under Administrative expenses.

Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the de-recognition of the asset is included in the income statement in the period of de-recognition.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

REGIS HOTEL (OPCO) UK S.A.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2019

Item	Useful life in years
Plant and equipment	8 to 12
Fixture, fittings and equipment	4 to 10

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

4. Summary of accounting policies (continued)

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Provisions

Provisions are recognised when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

4. Summary of accounting policies (continued)

Financial assets (continued)

(i) Financial assets at amortised costs (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables, and loans to subsidiaries included under other non-current financial assets.

(ii) Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Company has not designated any financial asset as at fair value through OCI.

(iii) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

4. Summary of accounting policies (continued)

Financial assets (continued)

(iii) Financial assets designated at fair value through OCI (equity instruments) (continued)

The Company elected to classify irrevocably non-listed equity investments under this category, once owned. The Company has not designated any equity instruments at fair value through OCI.

(iv) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Company has not designated any financial asset as at fair value through profit and loss.

4. Summary of accounting policies (continued)

Financial assets (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

4. Summary of accounting policies (continued)

Financial assets (continued)

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial assets to be in default when internal and external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is not reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss
- Loans and borrowings

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

(ii) Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest method "EIR". The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

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4. Summary of accounting policies (continued)

Financial liabilities (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents are as defined above and net of outstanding bank overdrafts.

Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value. Cost is based on purchase cost on a first-in first-out basis.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exception:

- Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.
- Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is

settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited directly to equity if it relates to times that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

Revenue from contracts with the customers

The Company operates in the hotel business. The Company has contracts with hotel managers to provide services to its customers.

- Sales of services related to the hotel business

Revenue from sales of services is recognized when the service is rendered.

- Significant financing component

Generally, the Company receives short-term advances from its customers (prepayment for hotel rooms). Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component as it expects, at contract inception, that the period between the transfer of the promised service to the customer and when the customer pays for that service will be one year or less.

- Loyalty points programme (hotel business)

Hotel managers have loyalty points programmes, which allow customers to accumulate points that can be redeemed for free services (free nights for instance). The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

When estimating the stand-alone selling price of the loyalty points, the Company considers the likelihood that the customer will redeem the points. The Company updates its estimates of the points that will be redeemed on a regular basis and any adjustments to the contract liability balance are charged against revenue.

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

NOTES TO THE FINANCIAL STATEMENTS
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4. Summary of accounting policies (continued)

Significant accounting estimates, judgements and assumptions

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

Judgements

In the process of applying the company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

a. Operating lease commitments

The company obtains property and equipment as a lessee. The classification of such leases as operating or finance leases requires the Company to determine, based on evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognized in the balance sheet.

b. Taxation

The company is subject to routine tax audits and also a process whereby tax computations are discussed and agreed with the appropriate tax authorities. Whilst the ultimate outcome of such tax audits and discussions cannot be determined with certainty, management estimates the level of provisions required for both current and deferred tax on the basis of professional advice and the nature of current discussions with the tax authority concerned.

Estimates and assumptions

The Company based its assumptions and estimates on parameters available

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

a. Impairment of goodwill, management contract and property and equipment

The Company assessed the impairment of goodwill, management contract and property and equipment in accordance with IAS 36 Impairment of Assets. The key assumptions used to determine the recoverable amount for the CGU are disclosed and further explained in Note 11 and 12.

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4. Summary of accounting policies (continued)

Standards, Interpretations and amendments

The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 Leases

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

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Company is the lessor.

The Company adopted IFRS 16 using the modified retrospective method of adoption, with the date of initial application of 1 January 2019. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at date of initial application, have a lease term of 12 months or less and do not contain a purchase option (short-term leases).

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Company applies significant judgement in identifying uncertainties over income tax treatments. The Interpretation did not have an impact on the financial statements of the Company.

Annual Improvements 2015-2017 Cycle

IFRS 3 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including

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remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the financial statements of the Company as there is no transaction where joint control is obtained.

IFRS 11 Joint Arrangements

An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the financial statements of the Company as there is no transaction where a joint control is obtained.

IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

Since the Company's current practice is in line with these amendments, they had no impact on the financial statements of the Company.

IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted.

Since the Company's current practice is in line with these amendments, they had no impact on the financial statements of the Company.

4. Summary of accounting policies (continued)

Standards, interpretations and amendments – Standards issued but not yet effective

The standards and interpretations that are issued by the IASB, but not effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, and add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Company will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Company's financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7 Financial Instruments: Disclosures, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting.

The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR).

These amendments will not have an impact on the financial statements of the Company as there is no hedge accounting within the Company.

The Conceptual Framework for Financial Reporting

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing

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standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards.

The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

Effective immediately for the IASB and the IFRS IC. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Company will apply these amendments when they become effective.

5. Operating profit

This is stated after crediting / (charging):

	31 December 2019 £000	31 December 2018 £000
Revenue:		
<i>Rooms Revenue</i>	40,399	44,225
<i>Food & Beverage Revenue</i>	13,053	14,209
<i>Leisure Revenue</i>	165	214
<i>Business Center</i>	11	3
<i>Other Revenue</i>	732	773
Total Revenue	54,360	59,424
Cost of sales:		
<i>Cost of sales - Food</i>	(1,807)	(2,060)
<i>Cost of sales - Beverage</i>	(638)	(611)
<i>Cost of sales - Other F&B</i>	(51)	(50)
<i>Cost of sales - Telephone</i>	(115)	(110)

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<i>Cost of Sales - Leisure Center</i>	(11)	(9)
<i>Cost of Sales - Other</i>	(1,147)	(1,267)
<i>Selling and distribution costs</i>	(2,082)	(2,156)
<i>Staff cost related to hotel business</i>	(15,662)	(15,948)
Wages and salaries	(14,025)	(14,445)
Social security costs	(1,322)	(1,220)
Pension costs	(315)	(283)
<i>Depreciation of Property and equipment (note 10)</i>	(5,146)	(4,984)
<i>Amortization of Intangible Assets (note 11)</i>	(2,733)	(2,736)
<i>Property tax</i>	(4,279)	(4,180)
Total Cost of sales	(33,672)	(34,111)
	31 December	31 December
	2019	2018
	£000	£000
Administrative expenses:		
<i>Other administrative services</i>	(7,684)	(8,063)
<i>Consulting and legal fees</i>	(67)	(246)
<i>Management fees</i>	(3,148)	(3,602)
<i>Other operating expenses</i>	(3,042)	(2,735)
Total Administrative expenses	(13,941)	(14,645)
Operating profit	6,747	10,667

6. Auditors' remuneration

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided by the company.

	31 December	31 December
	2019	2018
	£000	£000
Audit of the company financial statements	83	50
Total	83	50

7. Directors' remuneration

None of the directors, neither the A board directors, nor the B board directors received remuneration in respect of services to the company.

The directors are also directors of other group companies and are remunerated by one of those companies. Their services to this company are considered inconsequential to their other roles and therefore none of their remuneration is recharged to this company. At the year end, none of the directors were members of the defined benefit scheme

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8. Finance costs

	31 December 2019	31 December 2018
	£000	£000
Included in finance costs:		
Interest on bank loans	7,724	6,825
Interest on loans from group undertakings	2,641	2,850
Other finance expense	1,081	1,170
Total	11,447	10,845

9. Income tax

<u>Reconciliation of income tax in the profit and loss:</u>	31 December 2019	31 December 2018
	£000	£000
The tax charge is made up as follows:		
<i>Current tax:</i>		
Luxembourg minimum income tax payable	-	-
Foreign tax (the UK)	(1,381)	(1,512)
Adjustment in respect of previous years	40	(280)
Total current income tax	(1,341)	(1,792)
Total deferred tax effects	298	355
Income tax in the statement of comprehensive income	(1,043)	(1,437)

<u>Reconciliation of deferred tax in the statement of financial position:</u>	31 December 2019	31 December 2018
	£000	£000
Provision at 1 January	34,471	34,826
Tax expense recognised in profit or loss during the period	(298)	(355)
Closing balance at 31 December	34,173	34,471

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	31 December 2019 £000	31 December 2018 £000
<u>Reconciliation of tax expense and the accounting profit</u>		
Loss before taxation	(4,702)	(177)
At statutory tax rated in Luxembourg of (2019: 24.94% 2018: 26.01%)	1,173	46
Expenses not deductible for tax purposes	(2,056)	(2,061)
Adjustments in respect of prior year	27	(280)
Effect of tax rates in the UK	323	-
Net unrecognized deferred tax assets due to tax loss carried forward	-	(54)
Other	(510)	912
	(1,043)	(1,437)

<u>Deferred taxes are related to the following:</u>	Statement of financial position		Statement of comprehensive income	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Valuation adjustments on acquisition of land and buildings	(32,765)	(33,116)	(351)	(351)
Valuation adjustments on acquisition of fixtures, fittings and equipment	(1,413)	(1,361)	51	(9)
Pension/Bonus	5	6	7	(6)
Adjustments from previous years	-	-	(5)	11
Deferred tax income	-	-	(298)	(355)
Net deferred tax liabilities	(34,173)	(34,471)	-	-

10. Property and equipment

	Buildings £000	Fixtures, fittings and equipment £000	Total £000
Cost			
At 31 December 2017	206,500	35,985	242,485
Additions	-	4,260	4,260
Disposals	-	(1)	(1)
At 31 December 2018	206,500	40,244	246,744
Additions	-	12,449	12,449
At 31 December 2019	206,500	52,693	259,193

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Depreciation and impairment

At 31 December 2017	9,637	12,680	22,317
Depreciation charge for the year	2,065	2,919	4,984
At 31 December 2018	11,702	15,599	27,301
Depreciation charge for the year	2,065	2,953	5,018
At 31 December 2019	13,767	18,552	32,319

Net book value:

At 31 December 2019	192,733	34,141	226,874
At 31 December 2018	194,798	24,644	219,442

As of 31 December 2019, Management performed an impairment test on property and equipment as part of the impairment test of the cash generating unit as discussed in the note 12. The impairment test leads Management to conclude that no impairment needs to be recorded.

The Company concluded a lease agreement of the freehold land, on which the hotel building is constructed, with Regis Hotel UK S.A., which expires on 5 April 2113. The rent per annum amounts to £45,371 and is subject to review. This means that the landlord has the possibility to review the amount of the rent at each review date as agreed in the lease agreement.

11. Intangible assets

	Goodwill	Management contract	Software	Total
	£000	£000	£000	£000
Cost:				
At 31 December 2017	33,691	82,000	87	115,778
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 December 2018	33,691	82,000	87	115,778
Additions	-	-	1	1
Disposals	-	-	-	-
At 31 December 2019	33,691	82,000	88	115,779

Amortization and impairment

At 31 December 2017	-	12,755	83	12,838
Depreciation charge for the year	-	2,733	5	2,738
At 31 December 2018	-	15,488	88	15,576
Depreciation charge for the year	-	2,734	-	2,734
At 31 December 2019	-	18,222	88	18,310

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Net book value:

At 31 December 2019	33,691	63,778	-	97,469
At 31 December 2018	33,691	66,512	-	100,203

Intangible assets with indefinite useful lives (goodwill) are not amortised, but are tested for impairment annually, at the cash-generating unit level. Management has determined that the Company operates the hotel as a single cash generating unit and the total carrying amount of the goodwill is allocated to this cash generating unit. Management has performed an impairment test as of 31 December 2019 which was based on the market value of the hotel subject to the management contract as determined by JLL (accredited independent valuer) and concluded that there is no impairment to be recorded as the recoverable amount is higher than the carrying amount of the assets and liabilities of the cash generating unit.

The recoverable amount is the higher one of the fair value less costs of sell and the value in use. To conduct the impairment test, the discounted cash flows are determined based on the budgets and forecasts for the next ten financial years. The budgets and forecasts are based on past experience and Management's best estimates of future development. The Management estimated the discount rate at 7.00% (2018: 7.4%. The Management also assumed 2.25% (2018: 2.5% as inflation over a period of 10 years).

In addition, the weighted average growth rates used in the budgets and forecasts correspond to the expectations in the corresponding growth forecasts. For the purpose of impairment testing, the Company's Management estimated the cash flows beyond the forecast horizon by projecting growth rate for the subsequent years. The growth rates in question range from 3.0% (2018: 1.90%) in 2020 to 4.4% (2018: 5.0%) in 2028. The undiscounted sale price in 10 years was estimated at £602,786,720 (2018: £549,547,470).

Intangible assets for which fair value is measured or disclosed in the financial statements is categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- a. Level 1: Fair value measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. Level 2: Fair value measured by reference to inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- c. Level 3: Fair value measured by reference to inputs for the asset or liability that are not based on observable data (unobservable inputs).

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12. Right of use

	Buildings £000	Fixtures, fittings and equipment £000	Total £000
As at 01/01/2019	-	-	-
Additions	1,349	521	1,870
Depreciation expense	(27)	(102)	(129)
As at 31/12/2019	1,322	419	1,741

Lease Liability

	Buildings £000	Fixtures, fittings and equipment £000	Total £000
As at 01/01/2019	-	-	-
Additions	1,349	521	1,870
Interest	43	14	56
Payment	(45)	(182)	(228)
As at 31/12/2019	1,347	353	1,700
Current	(2)	(204)	(206)
Non-current	(1,345)	(149)	(1,494)

13. Trade and other receivables

	31 December 2019 £000	31 December 2018 £000
Trade receivables	1,242	1,521
Other receivables	655	39
Total	1,897	1,560

At 31 December 2019, other receivables consist of credit card merchant debtor balances of £633,009 (2018: £23,971), employee's receivables of £16,846 (2018: £11,805), employees advances of £62 (2018: £3,312) and travel expenses liability of £5,493 (2018: £868 advance).

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At 31 December 2019, trade receivables were impaired for a value of £53,000 (£32,000 impaired in 2018) and fully provided for. See below for the movements in the allowance for expected credit losses of receivables.

	2019	2018
	£000	£000
At beginning of the period	32	65
Unused amounts reversed	(12)	(33)
Charge for the year	-	-
At end of the period	20	32

As at 31 December 2019, the analysis of trade receivables that were past due but not impaired is as follows:

	Total	Neither past due nor impaired	<30 days	30-60 days	60-90 days	>90 days
	£000	£000	£000	£000	£000	£000
2019	1,242	235	672	252	30	53
2018	1,521	112	645	349	147	268

No amounts were factored during the year.

14. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following at 31 December:

	31 December 2019	31 December 2018
	£000	£000
Cash at bank and in hand	20,546	16,097
Total	20,546	16,097

Cash and cash equivalents are composed of cash at bank and in hand. No interest is earned on cash at banks.

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15. Trade and other payables

	31 December 2019	31 December 2018
	£000	£000
Trade payables and other accruals	2,133	2,127
Deferred revenue (refer to note 19)	2,299	1,842
VAT payable	(26)	358
Other taxes and social security costs	272	283
Other payables and accruals	6,606	3,936
Total	11,284	8,546

At 31 December 2019, other payables and accruals include a non-interest bearing payable to the parent company amounting to £1,032,864 (2018: £777,103).

Terms and conditions of the above financial liabilities:

- ▶ Trade payables are non-interest bearing and are normally settled in an average of 45 days.
- ▶ VAT and social security are non-interest bearing and are settled in line with normal repayment terms for VAT and social security.
- ▶ Other payables and accruals are non-interest bearing. Other payables and accruals are usually settled in line with scheduled payment dates which are less than one year.

16. Financial liabilities

	Interest rate	Maturity	Carrying amount 2019 £000	Carrying amount 2018 £000
	%			
Current loans and borrowings				
Accrued interest on secured bank loan of £219,000,000	3.414	2028	1,430	1,430
Accrued interest on unsecured loan from Regis Investment S.A. of initially £101,754,000	3.000	2028	-	1,368
Accrued interest on unsecured loan from Siger Invest S.A. of initially £101,754,000	3.000	2028	1,817	-
Total current loans and borrowings			3,247	2,798
Non-current loans and borrowings				
Secured bank loan of £219,000,000	3.414	2028	209,992	214,454
Unsecured loan from Siger Invest S.A. of initially £101,754,000	3.000	2028	-	81,690
Unsecured loan from Siger Invest S.A. of initially £101,754,000	3.000	2028	98,107	-
Total non-current loans and borrowings			308,100	296,143
Total loans and borrowings			311,347	298,941

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Secured bank loan of £219,000,000

The loan is secured by a first charge over the property plant and equipment of the company with a carrying value of £209,992,426 (2018: £214,454). The maturity date of the loan is 14 May 2025. At 31 December 2019, £1,430,303 (2018: £1,429,502) accrued interest are repayable within one year. Interest is fixed at 3,414%.

Unsecured loan from parent company of initially £101,754,000

This loan, granted by the immediate parent company, is unsecured and repayable entirely on maturity. Interest is fixed at 3% payable annually. The loan has been extended until 15 May 2028 under the same terms and conditions as before. At 31 December 2019, £1,816,833 (£1,368,364 in 2018) interest accrued is payable in less than one year. On each anniversary date of the loan unpaid accrued interest are capitalized.

The fair value of the financial liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The carrying value of these instruments approximates their fair values.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

The Company has updated its cash flow analysis for the next 12 months and identified that it may be in breach of the debt servicing covenants as a result of the significant drop of the operating activities due to the COVID-19 outbreak (see Note 25). As discussed in that note, management of the Company is proactively managing its debt arrangements and covenant compliance with its banks. Management has also evaluated its liquidity position and the ability to meet its debt obligations in the next 12 months (see Note 25).

Fair value of financial instruments

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments.

(in £000)	2019		2018	
	Carrying Amount	Fair Values	Carrying Amount	Fair Values
ASSETS				
Inventories	166	166	171	171
Trade and other receivables	1,897	1,897	1,560	1,560
Other current assets	377	377	353	353
Cash and cash equivalents	20,546	20,546	16,097	16,097
Total Assets	22,986	22,986	18,181	18,181

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LIABILITIES AND EQUITY

Bank borrowings	211,422	207,210	215,883	233,150
Debt towards shareholder	99,924	99,924	83,058	83,058
Trade and other payables	11,286	11,286	8,546	8,546
Total Liabilities	322,632	318,420	307,487	324,754

17. Other current assets

The Company's other current assets consist of prepayments of £377,282 (£352,727 in 2018). These amounts are payable on demand and attract no interest. The carrying values approximate their fair values due to their short term maturity.

18. Obligations under operating leases

At 31 December 2019 the company had future minimum lease payments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>	<i>Land and buildings</i>	<i>Other</i>	<i>Other</i>
	2019	2018	2019	2018
	£000	£000	£000	£000
Operating leases which expire:				
within one year	45	45	199	-
in two to five years	181	181	199	230
in over 5 years	4,038	4,083	-	-
Total	4,264	4,309	398	230

19. Deferred Revenue

	2019	2018
	£000	£000
At 1 January	1,842	2,137
Released to the income statements	(1,842)	(2,137)
Deferred during the year	2,299	1,842
At 31 December	2,299	1,842

Analysed as:

Current	2,299	1,842
Non-current	-	-

The deferred revenue refers to amount on deposit from future guests, these amounts are utilised as the guests receive the goods and services reserved.

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20. Share capital

On 18 March 2013, the Company authorised and issued 310 ordinary shares of €100 each for cash consideration of €31,000 which is converted at the date of issue to £26,585.

In accordance with Luxembourg legal requirements, a minimum of 5% of the yearly net profit must be transferred to a legal reserve from which distribution is restricted. This requirement is satisfied when the reserve reaches 10% of the issued share capital.

Furthermore, as of 31 December 2019 and 2018, the Company did not own any treasury shares.

21. Other related party transactions

During the period the Company entered into transactions, in the ordinary course of business, with related parties.

On 27 October 2017, Regis Investment S.A., the current immediate parent company took over from the previous immediate parent company a loan granted to the Company for an initial principal amount of £101,754,000 with maturity 1 May 2018 at a fixed rate of interest of 3% and extended until 15 May 2028 under the same terms and conditions as before. On 31 May 2019 Regis Investment S.A. transferred all its shares in the Company and all loans with accrued interests to Siger Invest S.A. The related interest for the year 2019 amounts to £2,640,902 (£2,850,082 in 2018). £1,816,833 (£1,368,364 in 2018) interest have been accrued on this loan to 31 December 2019 which is repayable on maturity date. On each anniversary date of the loan unpaid accrued interest are capitalized. In 2019 the parent company provided additional loans totalling £14,224,738 under the same, terms and conditions as the existing one. As of 31 December 2019, the loan amounts to £98,107,156 (2018: £81,689,786) (capitalized interest included).

On 27 October 2017, Regis Investment S.A., the current immediate parent company, took over from the previous immediate parent company an interest free and repayable on demand loan granted to the Company. This loan was transferred on 31 May 2019 to Siger Invest S.A. As of 31 December 2019 the Company owes £1,032,863 (2018: £771,103) to its immediate parent company.

In respect of the long lease between Regis Hotel UK S.A (the freeholder), a subsidiary of Siger Invest S.A., the company is liable to pay an annual ground rent of €45,371. At the balance sheet date the Company owes £143,007 to Regis Hotel UK S.A. (2018: £38,195)

The Company has not provided or benefitted from any guarantees for any related party receivables or payables. The Company has not made any provision for doubtful debts relating to amounts owed by related parties.

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Compensation of key management personnel (including directors)

No compensation has been paid by the Company during the year 2019 for key management personnel (including directors).

The Company entered on 1 May 2013 Hotel Management Agreement with IHG.

Management fees from IHG incurred by the company through the management contract during the financial:

	2019	2018
	£000	£000
Management fee	3,175	3,602

22. Capital management, financial risk management objectives and policies

The primary objectives of the Company's capital management are to ensure that the Company maintains strong credit ratings, manages its cash flow and debtors and maintain healthy capital ratios in order to support its business and to maximise shareholders' value, in conjunction with Company's treasury.

(in £000)	2019	2018
Interest bearing loans and borrowings	98,107	81,690
Accrued interests on borrowings	3,247	2,798
Other current payable	13,217	9,740
Less: cash and short-term deposits	(20,546)	(16,097)
Net debt	94,025	78,130
Equity attributable to equity holders of the parent company	(11,160)	(5,326)
Shareholder loans	98,107	81,690
Total capital	86,947	76,363
Debt- to - equity ratio (Net debt / Total capital) (%)	108%	102%

An explanation of the Company's financial instrument risk management objectives, policies and strategies is set out below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial

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instruments affected by market risk include loans and borrowings and deposits. As of 31 December 2019, the Company is exposed to interest rate risk only.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with fixed interest rates. The Company has not put in place any specific strategy in order to mitigate the exposures subject to interest rate risk.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. It also includes credit risk on trade receivables and deposits with banks and financial institutions. The maximum credit risk amounts to the aggregate of trade receivables and cash and cash equivalents as reported in the statement of financial position.

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

Liquidity risk

The Company monitors its risk to a shortage of funds by reviewing on a regular basis the cash needs of the Company.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of intercompany loans. The Company assessed the concentration risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Liquidity analysis

31 December 2019	Total	Less than 1 year	Between 1 to 5 years	Over 5 years
Shareholders loan	98,107	-	-	98,107
Interest payable in the future on shareholder loan	23,689	3,841	11,067	8,782

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Bank Loan	209,992	-	-	209,992
Interest payable in the future on bank loan	14,114	2,893	11,221	-
Total	345,903	6,734	22,288	316,882

31 December 2018	Total	Less than 1 year	Between 1 to 5 years	Over 5 years
Shareholders loan	81,690	-	-	81,690
Interest payable in the future on shareholder loan	19,275	3,050	8,902	7,323
Bank Loan	214,454	-	-	214,454
Interest payable in the future on bank loan	16,448	2,917	8,361	5,170
Total	340,413	14,513	17,263	308,637

The fair value of the financial liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The carrying value of these instruments approximates their fair values.

During the year 2018, the bank Loan has been refinanced by a new bank loan, expiring on 14 May 2025. Further, the shareholders extended their loan up to 15 May 2028. In addition, they will not call for payment of any amount due to them, unless the Company has sufficient financial means for such repayment and it will not cause a going concern issue to the Company.

23. Ultimate parent undertaking and controlling party

From 27 October 2017 until 31 May 2019, the Company's immediate parent undertaking is Regis Investment S.A., a company incorporated in Luxembourg. Its registered office is at 15, boulevard Roosevelt, L-2450 Luxembourg.

Since 31 May 2019, the Company's immediate parent undertaking is Siger Invest S.A., a company incorporated in Luxembourg and wholly-owned by Regis Investment S.A. Its registered office is at 15, boulevard Roosevelt L-2450 Luxembourg.

24. Commitments and contingencies

Pursuant to a master release and termination agreement dated 31 May 2019, Deutsche Bank AG, London Branch has unconditionally and irrevocably released and discharged in full the pledge created under the share pledge agreement between Regis Investment S.A. as pledger, Deutsche Bank AG, London Branch as pledgee, and Regis Hotel (Opco) UK S.A. as company.

Pursuant to a share pledge agreement dated 31 May 2019 Siger Invest S.A. has pledged all its rights, titles, interests and benefits in, to and under the shares and the distribution in favour of Deutsche Bank AG, London as pledgee, and Regis Hotel (OpCo) UK S.A. as company.

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25.Subsequent events

On March 11, 2020 the World Health Organization ('WHO') raised the level of the public health emergency caused by the outbreak of coronavirus (COVID-19) to an international pandemic. The rapidly evolving circumstances both nationally and internationally entail an unprecedented health crisis which will have an impact on the macroeconomics and the global hospitality sector.

These financial statements for the financial year ended at 31 December 2019 do not include any effects of this non adjusting post-balance sheet events.

In the course of January to mid-March 2020, the hotel had been operating normally. From the end of March 2020, however, travel restrictions and other restrictive measures taken by local governments resulted in a gradual closure of the hotel. As the hotel remained closed, the Company did not generate any significant revenues. Cost reductions have been accomplished through restricting spending for solely unavoidable matters (including of capital nature), essential purchases to and reducing other variable costs, and benefiting from labour aids granted by the local government. These and other measures led to an important reduction in the cash outflows. Nevertheless, as a result of the above, the Company's performance has been significantly impacted. It is also expected that the property valuation will be negatively impacted in the course of 2020.

Looking ahead, a slow recovery period until the end of the second half of 2020 is expected, mainly driven by hygiene measures which will lead to lower levels of occupancy. Management believes, however, that the average daily rate in the luxury hospitality segment will not suffer a significant impact, contrary to the budget to medium level hospitality segments given the profile of the Company's clientele. Management expects that, where applicable, breaches in the Interest Cover Ratio and Debt to Value Ratio are highly likely to occur. Management has proactively engaged with its borrowers and making progress to obtain a covenant waiver.

Considering the above factors, possible duration and extent of the effects of the pandemic, current cash position at the date of approval of these financial statements and the unconditional support from the Ultimate Shareholder, Management is confident in the Company's ability to overcome the impact of the pandemic on its operations.

26.Result allocation proposal

The Board of Directors propose to allocate the 2019 loss of GBP 5,742,530.30 to the retained earnings.

The Sole Shareholder has decided to allocate the 2019 loss amounting to GBP 5,742,530.30 to the retained earnings.