

The Ritz Hotel (London) Limited
(registered number: 00064203)

**Report of the directors and consolidated financial statements
for the year ended 31 December 2021**

Macfarlanes LLP
20 Cursitor Street
London
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The Ritz Hotel (London) Limited

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The Ritz Hotel (London) Limited

Strategic report For the year ended 31 December 2021 (registered number: 00064203)

The directors present their strategic report for the year ended 31 December 2021.

Review of business and future developments

The level of business and financial position of The Ritz Hotel (London) Limited ("the company") for the year ended 31 December 2021 was adversely affected due to the impact of Covid-19 and the national lockdowns at the beginning of the year. It is the company's intention to continue to increase its revenues by expanding its existing client base. However, as was the case globally the COVID-19 restrictions meant that London businesses were severely impacted. As announced by the government, 32 London boroughs and the City of London moved into tier 3 from 16 December 2020 and as a result the hotel went into a third lockdown. The hotel reopened on 17 May 2021 in line with government guidelines. Management is assessing the impact on a daily basis and focusing on controlling costs as well as utilising the ongoing government support announced for the hospitality business nationwide. Hotel management will continue to monitor trends and business fundamentals to ensure that the hotel strategy optimises performance and results. The directors are keen to offer enhanced services to our guests and as a result the hotel entered into an extensive development project in 2020 where the focus is to add to the current capacity by increasing the inventory of rooms and additional offerings of food and beverage services. The future development of the project also includes the complete refurbishment of the existing building including guest rooms and suites and food and beverage outlets.

Key performance indicators

The company's directors use a number of key performance indicators (KPI's) to assess the position of the business, in particular the following:

	2021	2020
Gross profit/(loss) margin	18.6%	(2.4%)
Operating loss margin	(124.2%)	(82.4%)
Net current liabilities	(£132.8m)	(£58.8m)

The turnover was 46% higher than previous year due to extended period of lockdowns that the hotel had to undergo in 2020. The Gross Operating Profit as a result was higher than the previous year. The disposal of tangible asset as part of the current development work resulted in higher Operating loss margin compared to 2020. The increase in shareholder loan during the year, which is payable on demand, resulted in increase in net current liabilities.

In addition to the financial KPIs, the directors measure a range of non-financial KPIs such as:

Room occupancy, average daily rates and revenue per available room
Food & beverage covers and average spend
Employee satisfaction and turnover
Leading Quality Assurance scores

The financial and non-financial performance in the year, 1 January 2021 to 31 December 2021, was adversely affected due to the COVID-19 restrictions resulting in the closure of hotel from 16 December 2020 to 17 May 2021. The company did not make any redundancies during the year and ensured the employee engagement was ongoing virtually throughout the lockdown period.

The Ritz Hotel (London) Limited

Strategic report(continued)
For the year ended 31 December 2021
(registered number: 00064203)

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

Risks are formally reviewed by the board and appropriate processes put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events may compound the possible effects on the company.

The key business risks affecting the company are set out below:

Economic and financial risk

The company's business is exposed to the risk of negative developments in the global and regional economies and financial markets, through the impact of the banks, suppliers, customers or labour market. These developments can result in recession, inflation, deflation, currency fluctuations and restrictions in the availability of credit, business failures or increases in finance costs. Such developments may increase operating costs and reduce profitability.

Commercial and market risk

Risks are an integral part of normal commercial practices, and where practicable steps are taken to mitigate such risks.

The company operates within the luxury hotel industry and failure to compete effectively in terms of quality of product and levels of service can have an adverse effect on earnings.

Pandemic Risk

The company is exposed to flu or other pandemic risks that could have an adverse impact on domestic and/or international travel. The company will take appropriate measures in accordance with government guidelines to mitigate the impact of this.

Climate Risk

The management have assessed the climate change risk on the business and no material risks are identified for the group.

s.172(1) statement

This section describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) Companies Act 2006 in exercising their duty to promote the success of the company for the benefit of its members as a whole:

- The likely long-term consequences of any decision;
- The interest of the group's employees;
- The need to maintain the group's relationships with stakeholders;
- The need to maintain a reputation for high standards of business conduct;
- The impact of the group's operations on the community and the environment; and
- The need to act fairly as between members of the group

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

The company's directors are mindful of the implications that strategic decisions can have on the business and its stakeholders. The board believe in a collaborative approach and work closely with the management, making continuous and consistent efforts to become one of the finest hotels in the world. The Directors have regard for stakeholders in the long-term decisions taken for the company and ensure their interests are considered in the key meetings. The investment in the current project work to develop and enhance the business is an example of this.

The Ritz Hotel (London) Limited

Strategic report(continued)
For the year ended 31 December 2021
(registered number: 00064203)
s.172(1) statement (continued)

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. The Company takes active steps to ensure that the suggestions, views and interests of the workforce are captured and considered in our decision-making.

Employee Engagement

The directors are committed to the welfare and expectations of our staff members, customers, community and society as a whole. We understand the importance of the wellbeing and development of our staff members who are fundamental in achieving the values aspired by the company. Career development through management training schemes and apprenticeships at the hotel reflect our investment in our people who are considered as assets.

The group operates a non-discretionary employment policy which is designed to attract, retain and motivate the very best people recognising that this can only be achieved by practising equal opportunity regardless of age, gender, race and religion. Directors engage with employees directly and indirectly through the Hotel management team and Executive committees. The engagement is necessary to enable two-way communication where employees can share their ideas and express their feeling on issues affecting their work environment and provides an opportunity for the company to provide direct feedback to employees. As an example, to aid communication a 'We are Ritz' Communication Committee is set up. This is chaired by a nominated member of the Executive Committee and attended by representatives from selected department groups. Meetings take place on a quarterly basis and the purpose of this committee is to provide a means for communication, information sharing and consultation with the employees.

Other ways of employee engagement include monthly meetings such as "Keeping in Touch" where news relating to the company including financials are discussed and shared with employees. Employee engagement was ongoing virtually and regular communication with our employees throughout the lockdown was achieved through emails and other internal communication platforms.

The Equality Act 2010 legally protects people from discrimination in the workplace and in wider society. It is the groups policy to offer the same level of service and consideration to disabled people as those who are not disabled.

The safety of our employees is at the core of the hotel values. New procedures and policies have been put in place to ensure the safety of our employees in response to the Covid-19 pandemic including provision of face masks, sanitisers and other personal protective equipment. Staff space in the hotel has been extended and reassigned in order to adhere with social distancing rules.

Stakeholder Engagement

The Directors ensure that the Ritz is committed to engaging with our people, our stakeholders and the communities in which we operate, and focus on creating a healthy and sustainable culture, ensuring regular updates are provided to the stakeholders. The Key stakeholders are our employees, customers, suppliers, our local community and the shareholders. The Company seeks to balance the benefits of maintaining strong partnering relationships with key suppliers alongside the need to obtain value for money for our investors and the desired quality and service levels for our customers. The interests of customers are considered in key decisions including pricing and long-term strategy. Particular attention is given to how we will respond to changing customer priorities over a longer time horizon. Essential to these interests is the effective engagement and communication. We engage with our key stakeholders using a variety of engagement mechanism including company website, social media, emails and meetings. Keeping the interests of our stakeholders is highly important and activities undertaken are in accordance with the s172 requirements. Regular review of the company's policies such as modern slavery, payment terms, and pricing help management to communicate with suppliers and source quality products and ensure that supplier payments are made on time. The directors believe in transparent communication with our shareholder and are updated on the operations of the business through regular meetings. Shareholders are involved in key decision making for the business which is communicated through these meetings.

The Ritz Hotel (London) Limited

Strategic report(continued)
For the year ended 31 December 2021
(registered number: 00064203)
s.172(1) statement (continued)
Stakeholder Engagement (continued)

The Ritz London is closely engaged with the local communities of Mayfair and St. James and plays key roles in The St James' Conservation Trust, The Heart of London Business Alliance and The Jermyn and Bond Street Associations. A value central to the hotel is to make a positive contribution to our community and we are concerned with identifying how we may offer our expertise and support, through initiatives often driven by our colleagues. Future plans include the hotel sponsoring the "Only in St James" award at the annual Mayfair Community Awards, which seeks to support an independent or long-standing retailer that engages with the local community. Through the Master Innholders, The Ritz London seeks to offer mentorship and training to talented individuals seeking a career within the hospitality industry.

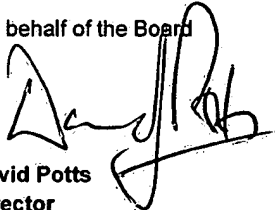
Environment and Community

The company's approach is to use our position of strength to create a positive change for the people and communities with which we interact. Our aim is to reduce our energy use by 3% every year for the foreseeable future. Additional measures for pollution control are taken and all energy procured is Green energy. The company also aims to minimise its carbon footprint and has employed an organisation to help monitor its impact on the environment.

Code of Conduct/ Business standards

The company 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.

On behalf of the Board



David Potts
Director

19 December 2022

The Ritz Hotel (London) Limited

Report of the directors For the year ended 31 December 2021 (registered number: 00064203)

The directors present their report and the audited consolidated financial statements of the company and its subsidiary ("the group") for the year ended 31 December 2021.

Principal activities

The company's principal activity is the ownership and operation of The Ritz Hotel in London.

Results and dividend

The revenue for the year increased from £13.3m to £19.3m. This was mainly due to the hotel trading for an increased number of days compared to the previous year. The Net Assets declined from £53.9m to £21.8m. No dividends were declared (2020: nil).

The group and company have restated the prior year comparatives to reflect a change in the presentation of intercompany balances on the Consolidated and Company Balance Sheet, see further detail in note 3. There is no impact on the prior year Statement of comprehensive income or the Net Assets of the company.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

D J Potts
F E A Robyns

Employee involvement

The group has continued to maintain its commitment to employee involvement throughout the business.

Refer to strategic report for details on employee engagement.

Stakeholder Engagement

Refer to strategic report for details of stakeholder engagement.

Equal opportunities

The group is committed to an active equal opportunities policy from recruitment and selection, through training and development, appraisal and promotion to retirement.

The Ritz Hotel (London) Limited

Report of the directors (continued) For the year ended 31 December 2021 (registered number: 00064203)

Equal opportunities(continued)

It is the group's policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. All decisions relating to employment practices will be objective, free from bias and based solely upon work criteria and individual merit. The group also continues to train its employees based on the requirements of the market.

The group is responsive to the needs of its employees, customers and the community at large and is an organisation that endeavours to use everyone's talents and abilities to the full.

Future Developments

Refer to strategic report for details of future developments.

Going concern

In assessing the company's ability to continue as a going concern, the Directors have taken into consideration all available information relating to the period from the date of approval of these financial statements.

The Directors confirm they have a reasonable expectation that the company has adequate resources to continue in operational existence and to meet its financial liabilities as they fall due for the foreseeable future and for a period of 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 confirmation by the Ultimate Beneficiary owner to provide financial support to the company. The Directors have also considered the potential risks and uncertainties in the business, credit, market and liquidity risks. The Directors have received confirmation from the parent company Green Park (No.1) Limited that the amounts due to the other companies in the group (Picnic Holdings Limited) will not be recalled in the event that the company has insufficient resources to continue to meet its liabilities as they fall due.

Also further stress testing has been carried out to ensure that the company has sufficient cash resources to continue to operate for at least 12 months from the date of signing of the financial statements. The stress testing considers the plausible but severe downside scenarios with materially reduced cash receipts and a second scenario of significantly reduced occupancy levels with no government assistance. In these downside scenarios as well as the base case scenario tested, additional funding would be required from the Ultimate Beneficiary owner. The Ultimate Beneficiary owner has confirmed his intention to extend support to the company based on the projected funding requirements in these downside scenarios and has agreed to provide financial support for a period of at least 12 months from the approval of these 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 2021 financial statements. See note 3 in the financial statements for further details.

Creditor payment policy

For all trade creditors, it is the group's policy to:

- agree the terms of payment at the start of business with the supplier;
- ensure that suppliers are aware of the terms of payment; and
- pay in accordance with its contractual and other legal obligations.

The Ritz Hotel (London) Limited

Report of the directors (continued) For the year ended 31 December 2021 (registered number: 00064203)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Report of the directors and consolidated 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 group and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 group and company and of the profit or loss of the group 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 102 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 group and company will continue in business.

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

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and 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 group's and company's auditors are aware of that information.

Financial risk management

The group's activities expose it to a variety of financial risks, including price risk, credit risk, liquidity risk and interest rate cash flow risk. The company's overall financial risk management objective is to minimise its potential adverse effects on the financial performance of the company.

(a) Price risk

The company has some exposure to food commodity price risk given the nature of its business, but has no exposure to equity securities price risk as it holds no listed equity investments.

(b) Credit risk

Credit risk can arise from granting credit to customers and by the acceptance of credit card payments from customers. The company manages this risk by only granting credit subject to suitable credit references being obtained and by pre-authorising credit card payments prior to the customer occupying the rooms.

(c) Liquidity risk

The company practices prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient funding requirements for working capital.

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Report of the directors (continued) For the year ended 31 December 2021 (registered number: 00064203)

Financial risk management (continued)

(d) Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets consist of cash balances whereas interest bearing liabilities consist of a related party loan.

Modern Slavery Act Statement

According to the UN's International Labour Organisation and the Walk Free Foundation, modern slavery affects an estimated 50 million slaves around the world, of which 28 million were trapped in forced labour and 22 million in forced marriage. Modern slavery transcends age, gender and ethnicities and includes victims who have been brought from overseas and vulnerable people in the UK, who are forced to work illegally against their will across many different sectors.

The Company values: Consistency, Legendary, Magical, Elegance and Visionary underpin our culture and how we do business. They set the parameters for how we expect people to behave as we seek to treat everyone fairly and consistently, creating a workplace and business environment that is open, transparent and trusted. Our policies and procedures relating to the Modern Slavery Act are in line with our culture and values.

We have procedures in place to minimise the risk of modern slavery occurring in our business:

Ethical Recruitment

Our recruitment processes comply with UK employment laws, including: 'right to work' document and identification checks and employment contracts. The hotel provides market-related pay and rewards, which are benchmarked, and offers enhanced benefits, providing additional options to support our people's lifestyle choices.

Sexual Exploitation

Hotels can unknowingly be used to traffic victims for sexual exploitation. The Ritz requests ID for all in-house guests, which will deter most traffickers, thereby minimising this risk.

Responsible Supply Chains

Goods and services purchased by hotels, particularly from non-UK suppliers, represent hidden risks in terms of worker welfare. To minimise this risk, The Ritz makes a commitment to collaborate closely with suppliers to help them understand and work towards their own obligations under the Modern Slavery Act.

The Ritz has a responsible procurement policy, which reflects our commitment to, and focus on, suppliers' values and ethical supply chain(s).

The Ritz has a procedure in place, which ensures that anyone who has concerns about guest or staff behaviours can raise their concerns confidentially.

In 2022 we intend to further develop our Modern Slavery Act training, which will help employees to identify victims of modern slavery and advise how to report any suspicions they may have. Completion of this training will form a compulsory part of our employees' annual review and new starter induction processes.

We will develop a procedure to monitor how our suppliers comply with our responsible procurement policy and measure our effectiveness in tackling modern slavery, by monitoring the following Modern Slavery Key Performance Indicator during the financial year 2022.

The Ritz Hotel (London) Limited

Report of the directors (continued) For the year ended 31 December 2021 (registered number: 00064203)

We are reviewing the effectiveness of the steps we have taken this year to ensure that there is no slavery or human trafficking in our supply chains or in our business in order to outline them further next year.

The Ritz Hotel (London) Limited shall take responsibility for this statement and its objectives, which will be reviewed and updated as appropriate.

Streamlined energy and carbon reporting:

We have followed the 2019 HM Government Environmental Reporting Guidelines and GHG Reporting Protocol - Corporate Standard. We have used the 2021 UK Government's Conversion Factors for Company Reporting and used an operational approach to define our boundary and scopes.

The primary source for energy consumption is supplier consumption data. Where usage is not in line with the financial year, a pro rata calculation has been used to estimate the usage that falls within the reporting period. We have minimal transport usage and the data provided was based on an estimate mileage for Company Vehicles. The total gross emissions including emissions from combustion of gas, combustion of fuel, purchased electricity and from generation of electricity not controlled by the company was 1,117 tonnes of carbon dioxide and equivalent gases (tCO₂e) with an intensity ratio of 0.0527 tCO₂e per sleeper. The table below shows the breakdown for the GHG emissions and energy usage data for year from 1 January to 31 December 2021.

	Units	Financial reporting year 2021	Financial reporting year 2020
Emissions from combustion of gas (Scope 1)	tCO ₂ e	493	556
Emissions from combustion of fuel for transport purposes (Scope 1)	tCO ₂ e	1.8	0.4
Emissions from purchased electricity (Scope 2)	tCO ₂ e	571	590
Emissions from generation of electricity that is consumed in a transmission and distribution system for which the company does not own or control (Scope 3)	tCO ₂ e	51	51
Total Gross emissions	tCO ₂ e	1,117	1,197
Energy consumption used to calculate above emissions	kWh	5,391,017	5,558,693
Intensity Measurement	No. of sleepers	21,180	15,880
Intensity Ratio	tCO ₂ e / sleeper	0.0527	0.0754

The Ritz Hotel (London) Limited have a sustained focus on operational efficiency and improvements, as a key part of our strategy in all activities. We continue to consider energy efficiency and improvements in all operations. During 2021, we have maintained a focus on ensuring that during times the Hotel has been unable to open to guests because of the Covid-19 pandemic, that energy usage has been reduced as far as possible. All plant and equipment have been switched off wherever feasible, to ensure the conservation of energy.

The hotel is currently working on a refurbishment programme and options and measures for reducing energy efficiency and incorporating renewable energy are key considerations within these plans moving forwards.

We continue to be committed to responsible energy consumption and will practice energy efficiency throughout our sites wherever it's cost-effective and practicable to do so.

The Ritz Hotel (London) Limited

Report of the directors (continued)
For the year ended 31 December 2021
(registered number: 00064203)

Post Balance Sheet Events:

The company has been trading throughout the year and until the date of signing the accounts and no lockdowns have been announced so far by the government for 2022.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board


David Potts
Director

19 December 2022

Independent auditors' report to the members of The Ritz Hotel (London) Limited

Report on the audit of the financial statements

Opinion

In our opinion, The Ritz Hotel (London) Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2021 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 Report of the directors and consolidated financial statements (the "Annual Report"), which comprise: the Consolidated and Company balance sheets as at 31 December 2021; the Consolidated statement of comprehensive income, the Consolidated and Company statements of changes in equity and the Consolidated cash flow statement 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 group 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 group's and 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 group's and 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.

The Ritz Hotel (London) Limited

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 Report of the directors, 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 Report of the directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the directors for the year ended 31 December 2021 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 group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the directors.

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 group's and 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 group or 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 group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, employment legislation, UK data protection laws such as the Data Protection Act 2018 and UK regulation governing the hotel and food and beverage sector, including Health and Safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK taxation legislation and the UK

The Ritz Hotel (London) Limited

Companies Act 2006. 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:

- Evaluating management's controls designed to prevent and detect irregularities
- Making enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations
- Tested unusual or unexpected journal entries, particularly those related to related parties and those impacting unusual account combinations impacting revenue, expenses and property, plant and equipment
- Challenging assumptions and judgements made by management in significant accounting estimates, particularly in relation to the useful lives and depreciation of property, plant and equipment.

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 company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

R. Moxon

Rachael Moxon (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 December 2022

The Ritz Hotel (London) Limited

Consolidated statement of comprehensive income For the year ended 31 December 2021 (company number: 00064203)

	NOTE	2021 £'000	2020 £'000
Turnover	4	19,337	13,275
Cost of sales		<u>(15,732)</u>	<u>(13,588)</u>
Gross profit/(loss)		3,605	(313)
Administrative expenses	5	(33,029)	(17,832)
Other operating income	24	<u>5,404</u>	<u>7,202</u>
Operating loss	5	(24,020)	(10,943)
Interest receivable and similar income	8	-	36
Interest payable and similar expenses	8	<u>(8,071)</u>	<u>(16,417)</u>
Loss before taxation		(32,091)	(27,324)
Tax on loss	9	<u>-</u>	<u>-</u>
Loss for the financial year		<u>(32,091)</u>	<u>(27,324)</u>

All activities are classified as continuing.

The notes on pages 19 to 34 are an integral part of these financial statements.

There is no material difference between the reported loss before taxation and the loss for the financial year and their historical cost equivalents for the years stated above. There were no other gains or losses than those presented in the above statement of comprehensive income and accordingly no separate statement of other comprehensive income has been prepared.

The Ritz Hotel (London) Limited

Consolidated balance sheet As at 31 December 2021 (company number: 00064203)

		31 December 2021		31 December 2020 Restated *	
	NOTE	£'000	£'000	£'000	£'000
Fixed Assets					
Tangible assets	11		154,663		154,145
Current assets					
Inventories	13	1,760		1,565	
Debtors: amounts falling due after more than one year	14	-		-	
Debtors: amounts falling due within one year	15	238,418		238,317	
Cash at bank and in hand	23	12,624		12,131	
			252,802		252,013
Creditors: amounts falling due within one year	16		(385,648)		(352,250)
Net current liabilities			(132,846)		(100,237)
Total assets less current liabilities			21,817		53,908
Creditors: amounts falling due after more than one year	16		-		-
Net assets			21,817		53,908
Capital and reserves					
Called up share capital	20		1,000		1,000
Revaluation reserve			22,441		22,441
(Accumulated losses)/ Retained earnings			(1,624)		30,467
Total equity			21,817		53,908

Consolidated statement of changes in equity for the year ended 31 December 2021

	Called up Share capital £'000	Revaluation reserve £'000	(Accumulated losses)/ Retained earnings £'000	Total equity £'000
At 1 January 2020	1,000	22,441	57,791	81,232
Loss for the financial year	-	-	(27,324)	(27,324)
At 31 December 2020	1,000	22,441	30,467	53,908
Loss for the financial year	-	-	(32,091)	(32,091)
At 31 December 2021	1,000	22,441	(1,624)	21,817

* See note 3 for further details of the restatement.

The notes on pages 19 to 34 are an integral part of these financial statements.

The financial statements on pages 15 to 32 were approved by the board of directors on 19 December 2022 and were signed on its behalf by:

David Potts
Director

19 December 2022

The Ritz Hotel (London) Limited

Company balance sheet As at 31 December 2021 (company number: 00064203)

		31 December 2021		31 December 2020	
	NOTE	£'000	£'000	Restated *	£'000
Fixed Assets					
Tangible assets	11		144,755		124,384
Investments	12		-		-
			<u>144,755</u>		<u>124,384</u>
Current assets					
Inventories	13	1,760		1,565	
Debtors: amounts falling due after more than one year	14	-		-	
Debtors: amounts falling due within one year	15	269,280		268,271	
Cash at bank and in hand	23	12,591		12,094	
			<u>283,631</u>		<u>281,930</u>
Creditors: amounts falling due within one year	16		<u>(387,607)</u>		<u>(352,169)</u>
Net current liabilities			<u>(103,976)</u>		<u>(70,239)</u>
Total assets less current liabilities			<u>40,779</u>		<u>54,145</u>
Creditors: amounts falling due after more than one year	16		-		-
Net assets			<u>40,779</u>		<u>54,145</u>
Capital and reserves					
Called up share capital	20	1,000		1,000	
Revaluation reserve		22,441		22,441	
Retained earnings		17,338		30,704	
Total equity		<u>40,779</u>		<u>54,145</u>	

Company statement of changes in equity for the year ended 31 December 2021

	Called up share capital	Revaluation reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000
At 1 January 2020	1,000	22,441	58,893	82,334
Loss for the financial year	-	-	(28,189)	(28,189)
At 31 December 2020	1,000	22,441	30,704	54,145
Loss for the financial year	-	-	(13,366)	(13,366)
At 31 December 2021	1,000	22,441	17,338	40,779

Company loss for the year 2021 is £13.4m (2020 loss: £28.2m).

* See note 3 for further details of the restatement.

The notes on pages 19 to 34 are an integral part of these financial statements.

The financial statements on pages 15 to 34 were approved by the board of directors on 19 December 2022 and were signed on its behalf by:

David Potts
Director
19 December 2022

The Ritz Hotel (London) Limited

Consolidated cash flow statement For the year ended 31 December 2021

		2021 £'000	2020 £'000
Operating loss		(24,020)	(10,943)
Depreciation		3,135	3,145
(Increase)/decrease in inventories		(195)	236
Increase in debtors		(101)	(6,405)
Decrease in creditors		(2,160)	(1,525)
Net cash outflow from operating activities		(23,341)	(15,492)
		2021 £'000	2020 £'000
Net cash outflow from operating activities		(23,341)	(15,492)
Taxation paid		-	(1,008)
Interest paid	8	(13)	(3,944)
Net cash used in operating activities		(23,354)	(20,444)
Cash flow from investing activities			
Purchase of tangible assets	11	(23,506)	(4,266)
Interest received	8	-	36
Disposal of tangible assets		19,853	-
Net cash used in investing activities		(3,653)	(4,230)
Cash flow from financing activities			
Loan advanced to fellow subsidiaries	16	-	(510)
Repayment of loan	16	-	(262,860)
Settlement of hedge on loan termination		-	(8,586)
Increase in shareholder loan	16	27,500	294,053
Net cash generated from financing activities		27,500	22,097
Net increase/(decrease) in cash at bank and in hand		493	(2,577)
Cash and cash equivalents at beginning of year		12,131	14,708
Cash and cash equivalents at end of year		12,624	12,131
Cash and cash equivalents is made up of:			
Cash at bank and in hand		12,624	12,131

The Ritz Hotel (London) Limited

Notes to the consolidated financial statements For the year ended 31 December 2021

1 General information

The Ritz Hotel (London) Limited ("the company") is the parent of 22 Arlington Street Limited, a property investment company. Together they comprise the group. The principal activity of the company is the operation of the hotel.

The company is a private limited company and is incorporated and domiciled in the UK and its registered office is 150 Piccadilly, London, W1V 9DG.

2 Statement of compliance

The individual and group financial statements of The Ritz Hotel (London) Limited are prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The financial reporting standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in all the years presented, unless otherwise stated.

Basis of preparation

These consolidated financial statements have been prepared on a going concern basis and in accordance with the Companies Act 2006 and applicable accounting standards under the historical cost convention, as modified by the revaluation of freehold land and buildings which, following the adoption of FRS 15 in 2000 is now deemed to be cost. The directors consider that the accounting policies set out below are the most appropriate to the circumstances of the company and the group, have been consistently applied, and are supported by reasonable judgements and estimates.

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 and to meet its financial liabilities as they fall due for the foreseeable future and for a period of at least 12 months from the signing of these financial statements and to meet obligations as they fall due. The Company has considered the consequences of COVID-19 and is currently facing challenges due to lockdown restrictions.

As announced by the government, 32 London boroughs and the City of London moved into tier 3 from 16 December 2020 and as a result the hotel went into a third lockdown. The hotel reopened on 17 May 2021 in line with government guidelines. Management is assessing the impact on a daily basis and focusing on controlling costs as well as utilising the ongoing government support announced for the hospitality business nationwide.

Hotel management will continue to monitor trends and business fundamentals to ensure that the hotel strategy optimises performance and results. During the year the company has received shareholder funding, minimised the contracted services from 3rd party suppliers and negotiated discounts and refunds on several contracts. Also use of financial measures available from the UK government have been utilised as follows:

-
- UK Furlough scheme to support staff wages of £2.2m

The Ritz Hotel (London) Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

Basis of preparation (continued)

Furthermore, a confirmation has been obtained from the parent company Green Park (No.1) Limited that it will not demand payment of the intercompany balances for at least 12 months from the account signing date. The Ultimate beneficiary owner has also confirmed that he will continue to provide financial support to the company for a period of at least 12 months from the date of approval of these financial statements.

Further stress testing has been carried out to ensure that the company has sufficient cash resources to continue to operate for at least 12 months from the date of signing of the financial statements. The stress testing considers the severe but plausible downside scenarios with materially reduced cash and a second scenario of significantly reduced occupancy. While both scenarios demonstrate additional funding requirements, the Ultimate beneficiary owner has provided the letter of support to cover this.

Based on the circumstances described above, 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.

Restatement

The group and company have restated the prior year comparatives and subsequently, changes have been made in the presentation of its intercompany assets and liabilities on the Consolidated and Company Balance Sheet. The restatement was made to more accurately reflect the intercompany balances in line with the terms of those loans. The terms of the loans are repayable on demand. Following the review of the loan terms, intercompany balances with the group undertaking, associated undertaking and subsidiary company were reclassified from debtors amounts falling due after more than one year to debtors amounts falling due within one year. Intercompany balances with associated undertaking were reclassified from creditors amounts falling due after more than one year to creditors amounts falling due within one year.

Previously the Consolidated Balance Sheet disclosed debtors amounts falling due after more than one year of £228,374k, debtors amounts falling due within one year of £9,943k, creditors amounts falling due after more than one year of £41,390k and creditors amounts falling due within one year of £310,860k.

Post restatement, the group now shows debtors amounts falling due after more than one year of £nil, debtors amounts falling due within one year of £238,317k, creditors amounts falling due after more than one year of £nil and creditors amounts falling due within one year of £352,250k.

Further the Company Balance Sheet disclosed debtors amounts falling due after more than one year of £259,235k, debtors amounts falling due within one year of £9,036k, creditors amounts falling due after more than one year of £41,390k and creditors amounts falling due within one year of £310,779k.

Post restatement, the company now shows debtors amounts falling due after more than one year of £nil, debtors amounts falling due within one year of £268,271k, creditors amounts falling due after more than one year of £nil and creditors amounts falling due within one year of £352,169k.

This adjustment has had no impact on the comparative period net assets or Consolidated statement of comprehensive income.

The preparation of financial statements in conformity with FRS 102 requires the directors to make judgements, estimates and assumptions that affect the application of policies and the reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects both current and future periods.

The Ritz Hotel (London) Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

Exemptions for qualifying entities under FRS 102

The Company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption under FRS 102, para 1.12(b) not to present the Company statement of cash flows on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows. The company has taken the exemption from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7. The company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual profit and loss account.

Basis of consolidation

The consolidated financial statements include the financial statements of the group and all of its subsidiary undertakings up to 31 December 2021. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date of their acquisition or up to the date of their disposal. Profits relating to intra-group trading have been eliminated.

Turnover

Turnover, which excludes value added tax, comprises the company's income from the operation of its hotel and is wholly earned in the United Kingdom. This arises primarily from the letting of bedroom and suite accommodation, providing conference and events facilities and the service of food and beverage. Revenue is recognised on the daily occupation of accommodation and once a service has been rendered.

Other operating income

Other operating income consists mainly of rents generated from the lease of the club and for rent generated from letting office space. Other operating income also includes the job retention scheme grant income received from HMRC during the year.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Tangible fixed assets

Tangible fixed assets are held at modified historical cost less accumulated depreciation. The company previously adopted a policy of revaluing freehold land and buildings and they were stated at their revalued amount less subsequent depreciation and accumulated impairment losses. The company has adopted the transition exemption under FRS 102 paragraph 35.10(d) and has elected to use previous revaluation as deemed cost.

The company separates its properties into components where they have significantly different useful economic lives and depreciates each component appropriately. Depreciation is provided on tangible fixed assets on a straight line basis as follows:

Freehold building	See below
Leasehold land and buildings	Term of lease
Fixtures, fittings and equipment	3 to 15 years

The Ritz Hotel (London) Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

Tangible assets (continued)

No depreciation is provided on freehold land or buildings of The Ritz Hotel on the grounds that any depreciation charge would be immaterial because the length of the estimated remaining useful life of the asset is greater than 50 years and the directors' estimate of the residual value is in excess of its carrying value. The directors' assessment of residual value is based on their best estimate of the value of the property at the end of its useful life.

Leasehold premises are amortised over the remaining period of the lease or until the first review period if it is the intention to terminate the lease at that stage. Where any permanent diminution of the property value is incurred, a provision is made in the profit and loss account. The directors' estimate of residual values is based on prices prevailing at the year end or subsequent independent valuation.

Fixed asset investment

Fixed asset investments are valued at cost less impairment provisions. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the business or disposal value if higher.

Taxation

Corporation tax is provided on taxable profits at the standard rate of corporation tax in the United Kingdom of 19% (2020: 19%).

Deferred tax is accounted for on an undiscounted basis at tax rates enacted or substantially enacted at the balance sheet date on all differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. A deferred tax asset is only recognised when it is more likely than not that the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the underlying timing differences can be deducted.

Financial Instruments

The company adopted Sections 11 and 12 of FRS 102 in respect of financial instruments.

a) Financial assets

Basic financial assets are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

The Ritz Hotel (London) Limited

b) Financial liabilities

Basic financial liabilities are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at measured cost using the effective interest method.

Derivatives, including interest rate swaps and forward exchange contracts are not basic financial instruments. Derivatives are normally recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Operating leases

Costs in respect of operating leases are charged in arriving at the operating profit on a straight-line basis over the lease term.

Inventories

Inventories are valued at the lower of cost and net realisable value. Obsolete, slow moving and defective stock is valued at £nil (2020: nil).

Foreign currency conversion

Trading transactions denominated in foreign currencies are translated into Sterling at the exchange rate ruling when the transaction is completed. Exchange gains and losses arising from trading transactions are included in operating profit.

Financing costs

Arrangement fees and other issue costs incurred as a result of entering into loan and other facilities are recorded against the associated debt and amortised over the length of the related loan or facility.

Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

The Ritz Hotel (London) Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

Expenses

The group recognises expenses in the statement of comprehensive income when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Investment in subsidiary company

Investment in a subsidiary company is held at cost less accumulated impairment losses.

Investment in Joint Venture

The group measures its investments in jointly controlled entities by the equity method. Under the equity method of accounting, an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the joint venture.

Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

i. Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

The Ritz Hotel (London) Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

Critical accounting estimates and estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Other than mentioned in the paragraph below there were no other critical accounting judgements made by the directors in the year that involve estimates that are considered to have a significant effect.

Depreciation of the Building:

Buildings are depreciated down to their residual value and the directors' estimate of the residual value is in excess of its carrying value. The directors' assessment of residual value is based on their best estimate of prices prevailing at the year end or a subsequent independent valuation.

Useful lives

Management determines the estimated useful lives and related depreciation charges for the company's property plant and equipment. 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.

4 Turnover

Turnover, which excludes value added tax, comprises the company's income from the operation of its hotel and is wholly earned in the United Kingdom. This arises primarily from the letting of bedroom and suite accommodation, providing conference and events facilities and the service of food and beverage. Revenue is recognised on the daily occupation of accommodation and once a service has been rendered.

5 Operating loss

	2021 £'000	2020 £'000
Operating loss is stated after charging/(crediting):		
Auditors' remuneration:		
Fees payable to the company's auditors for the audit of the group's annual financial statements	128	67
Loan Termination Fee	-	5,572
Depreciation of tangible fixed assets	3,135	3,145
Disposal of tangible asset	19,853	-
Amount claimed for furlough scheme	(2,197)	(3,492)
Cost of stocks recognised as expense	3,088	2,200
	<u>24,007</u>	<u>7,492</u>

The cost of stock recognised as an expense during the year equated to £3.1m (2020: £2.2m). During the year the company claimed an amount of £2.2m (2020: £3.5m) as part of the government furlough scheme. During the year there was building demolition work carried out as part of the current development work. As a result, the financial statements reflect the adjustment for the disposal of asset amounting to £20.9m (2020: nil) and the associated accumulated depreciation of £1m (2020: nil).

The Ritz Hotel (London) Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2021

6 Directors' emoluments

1 director (2020: 2) is included in the payroll for services to the hotel.

	2021 £'000	2020 £'000
Aggregate emoluments for qualifying services	28	73
	28	73
Highest paid director: Aggregate emoluments	28	45
	28	45

7 Employee information

- a) The average monthly number of persons employed by the group (including executive directors') during the year is analysed below:

	2021 No.	2020 No.
Selling and Distribution	297	317
Administration	65	64
	362	381

	2021 No.	2020 No.
Full Time employees	353	372
Part Time employees	9	9
	362	381

- b) The aggregate payroll costs of these persons were as follows:

	2021 £'000	2020 £'000
Wages and salaries	12,099	11,399
Social security costs	1,156	1,060
Other pension costs	532	489
	13,787	12,948

The pension costs represent contributions payable by the group to a personal pension scheme approved under the stakeholder pensions rules.

8 Net interest

	2021 £'000	2020 £'000
Interest payable and similar expenses	8,058	12,981
Other interest payable	13	13
Loss on derivative financial instruments (Note 18)	-	3,423
	8,071	16,417
Interest receivable and similar income	-	(36)
	8,071	16,381

The Ritz Hotel (London) Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

9 Tax on loss on ordinary activities

	2021 £'000	2020 £'000
Current tax:		
United Kingdom corporation tax on losses of the year	-	-
Deferred tax:		
Deferred taxation: origination and reversal of timing differences	-	-
Tax on profit	-	-

The taxation assessed for the year is the same (2020: the same) the standard rate of corporation tax in the United Kingdom, 19%: The calculation is explained below:

	2021 £'000	2020 £'000
Loss before taxation	(32,091)	(27,324)
Loss before taxation multiplied by the standard rate in the United Kingdom of 19% (2020: 19%)	(6,097)	(5,192)
Effects of:		
Expenses not deductible for tax purposes	3,779	8
Non trade loan relationship credits	2,069	-
Depreciation in excess of Capital allowances	-	599
Unrecognised tax losses carried forward	-	2,808
Interest not deductible for tax	-	1,776
Impact of deferred tax asset unrecognised	249	-
Total taxation	-	-

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. This new law was substantively enacted on 24 May 2021 and is included in these financial statements.

10 Loss of parent company

A total loss of £13.4 million (2020 loss: £28.2 million) has been recognised in the financial statements of The Ritz Hotel (London) Limited. The company has taken advantage of section 480(3) of the Companies Act 2006 allowing it not to publish a separate profit and loss account.

The Ritz Hotel (London) Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2021

12 Investments

The company has a 50% interest in Ritz Products (UK) Limited, a company incorporated in Great Britain, and registered in England and Wales. The company's registered office is 150 Piccadilly, London W1V 9DG. The cost of £305,000 has been fully written off. The company promotes products bearing the "Ritz" name. Details of the Joint Venture undertaking's issued share capital are as follows:

	<u>Percentage held</u>
305,000 (2020: 305,000) £1 "A" Ordinary shares	100%
305,000 (2020: 305,000) £1 "B" Ordinary shares	<u>Nil</u>

The company holds the entire issued share capital of 22 Arlington Street Limited, a company incorporated in Jersey, and which owns the freehold interest of a property located at 22 Arlington Street, London. Refer to Note 22 for details.

The Directors believe that the carrying value of investments is supported by the underlying net assets.

13 Inventories

	<u>2021</u>	<u>2020</u>
	<u>£'000</u>	<u>£'000</u>
Group and company		
Raw materials and consumables	859	716
Finished goods and goods for resale	<u>901</u>	<u>849</u>
	<u>1,760</u>	<u>1,565</u>

Inventory is stated after provision for impairment of £Nil (2020: £Nil). There are no significant differences between the replacement cost of the stock and its carrying amount.

14 Debtors: Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
	<u>Restated *</u>		<u>Restated *</u>	
Amounts owed by group undertaking	-	-	-	-
Amounts owed by associated undertaking	-	-	-	-
Amounts owed by subsidiary company	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-	-

* See note 3 for further details of the restatement.

The Ritz Hotel (London) Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2021

11

Tangible assets

Group

	Freehold land & buildings £'000	Leasehold land & buildings £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost or valuation				
At 1 January 2021	157,924	7,191	45,271	210,386
Additions	22,487	-	1,019	23,506
Disposal	(20,854)	-	-	(20,854)
At 31 December 2021	159,557	7,191	46,290	213,038
Accumulated depreciation				
At 1 January 2021	26,747	323	29,171	56,241
Charge for the year	-	-	3,135	3,135
Disposal	(1,001)	-	-	(1,001)
At 31 December 2021	25,746	323	32,306	58,375
At 31 December 2021	133,811	6,868	13,984	154,663
At 31 December 2020	131,177	6,868	16,100	154,145

During the year there was building demolition work carried out as part of the current development work. The demolition work carried out is located in 22 Arlington Street. As a result, the financial statements reflect the adjustment for the disposal of asset amounting to £20.9m and the associated accumulated depreciation of £1m. The Ritz Hotel (London) Ltd are paying for the costs of the demolition and the rebuild work. No management fee is recharged as a result of this project and no consideration is due to Ritz Hotel (London) Ltd for the construction work carried out on 22 Arlington Street land.

Company

	Freehold land and buildings £'000	Leasehold land & buildings £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 January 2021	127,164	7,191	45,269	179,624
Additions	22,487	-	1,019	23,506
At 31 December 2021	149,651	7,191	46,288	203,130
Accumulated depreciation				
At 1 January 2021	25,746	323	29,171	55,240
Charge for the year	-	-	3,135	3,135
At 31 December 2021	25,746	323	32,306	58,375
At 31 December 2021	123,905	6,868	13,982	144,755
At 31 December 2020	101,418	6,868	16,098	124,384

The Ritz Hotel (London) Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2021

15 Debtors: Amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
		Restated *		Restated *
Trade debtors	621	9	621	9
Amounts owed by related party undertakings	37	9	37	9
Amounts owed by group undertaking	224,500	224,500	224,500	224,500
Amounts owed by associated undertaking	3,874	3,874	3,874	3,874
Amounts owed by subsidiary company	-	-	30,861	30,861
Prepayments and accrued income	9,386	9,925	9,387	9,018
	238,418	238,317	269,280	268,271

* See note 3 for further details of the restatement. The amounts owed by related party is interest free and repayable on demand. The amounts owed by group and associated undertaking and subsidiary company are unsecured, interest free and have no fixed terms of repayment and are repayable on demand.

16 Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
		Restated *		Restated *
Trade creditors	1,688	1,443	1,650	1,400
Other taxation and social security	57	38	-	-
Amounts owed to group undertaking	338,663	303,105	338,663	303,105
Amounts owed to associated undertaking	41,390	41,390	41,390	41,390
Accruals and deferred income	3,850	6,274	5,904	6,274
	385,648	352,250	387,607	352,169

* See note 3 for further details of the restatement. Amounts owed to group undertaking (shareholder loan) are unsecured and bear interest at 4% and are repayable on demand. The rate of interest changed from 4% to 2.25% from 1 March 2021. The amounts owed to group undertaking of £339K includes (2020: £303K) the interest amount of £17m (2020: £9m) and principal amount of £322m (2020: £294m).

17 Creditors: amounts falling due after more than one year

	2021	2020
	£'000	£'000
		Restated *
Group and company	-	-
Amounts owed to associated undertaking	-	-

* See note 3 for further details of the restatement.

The Ritz Hotel (London) Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2021

18 Deferred tax Group and company

No deferred taxes have been recognised in the balance sheet since company cannot forecast future profits with certainty. The 2021 potential deferred tax asset not recognised analysis is £141K (2020: 3.61m).

19 Financial Instruments

	2021 Group £'000	2021 Company £'000	2020 Group £'000	2020 Company £'000
Financial assets that are debt instruments measured at amortised cost:				
Trade debtors	621	621	9	9
Amount owed by parent undertaking	224,500	224,500	224,500	224,500
Amount owed by subsidiary undertaking	-	30,861	-	30,861
Amount owed by associated undertaking	3,874	3,874	3,874	3,874
Amount owed by related party undertaking	37	37	9	9
	229,032	259,893	228,392	259,253

Financial liabilities measured at amortised cost:

	2021 Group £'000	2021 Company £'000	2020 Group £'000	2020 Company £'000
Trade creditors	1,688	1,650	1,443	1,400
Amounts owed to associated undertakings	41,390	41,390	41,390	41,390
Amount owed to group undertaking	338,663	338,663	303,105	303,105
Taxation and social security	57	-	38	-
	381,798	381,703	345,976	345,895

Derivative financial instruments – Interest rate swaps

The company has entered into an interest rate swap in 2018 to receive interest at LIBOR and pay interest at a fixed 1.367%. The swap is based on a principal amount of £265,000,000, the principal amount of the company's sterling loan facilities, and matures in 2023 on the same date as the loans. The instrument is used to hedge the company's exposure to interest rate movements on the loan facility. Swaps are valued using the discounted cash flow method. Cash flows on both the loan and the interest rate swaps are paid quarterly until 2023.

During 2020, the swap was settled and a loss of £3,423,000 (2018: £3,873,182) was recognised in the statement of comprehensive income for changes in the fair value of the interest rate swap in the net interest expense line.

The Ritz Hotel (London) Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2021

20 Pensions

With effect from 1 January 2001 the company has established a personal pension scheme approved under the Stakeholder pensions rules. The contributions made by the company for the year amounted to approximately £532,000 (2020: £489,000).

21 Called up share capital

	2021 £'000	2020 £'000
Group and company		
Authorised and fully paid		
1,000,000 (2020: 1,000,000) Ordinary shares of £1 each	1,000	1,000

22 Related party transactions

As all of the company's voting rights are controlled within the group headed by Green Park (No. 1) Limited, the company has taken advantage of the exemption contained in FRS 102 para.33.1A and has therefore not disclosed transactions or balances with entities which form part of the Green Park (No. 1) Limited group and are wholly owned by the group or are disclosed in the Green Park (No. 1) Limited group financial statements.

23 Investment in subsidiaries

In accordance with Section 409 of the Companies Act 2006, a full list of subsidiaries, the country of incorporation and effective percentage of ownership has been disclosed below.

Name	Country of incorporation	Percentage of ownership	Principal activity
22 Arlington Street Limited	Jersey	100%	Property investment

The registered office of 22 Arlington Street Limited is: Gaspé House, 66-72 Esplanade, St Helier, Jersey JE2 3QT.

24 Cash at bank and in hand

	2021 Group £'000	2021 Company £'000	2020 Group £'000	2020 Company £'000
Bank balance	12,586	12,553	12,113	12,076
Other cash equivalents	38	38	18	18
	12,624	12,591	12,131	12,094

The Ritz Hotel (London) Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2021

25 Other Operating Income

Other operating income consists mainly of rents generated from the lease of the club and for rent generated from letting office space. Other operating income also includes the job retention scheme grant income received from HMRC in 2021 due to the Covid-19 pandemic.

	2021 £'000	2020 £'000
Furlough income	2,197	3,492
Rental income	3,000	3,062
Other income	207	648
	<u>5,404</u>	<u>7,202</u>

26 Analysis of net debt

	At 1 Jan 2020 £'000	Cashflows £'000	At 31 Dec 2020 £'000
Cash and cash equivalents	14,708	(2,577)	12,131
Senior loans	(312,243)	(32,252)	(344,495)
	<u>(297,545)</u>	<u>(34,829)</u>	<u>(332,364)</u>
	At 1 Jan 2021 £'000	Cashflows £'000	At 31 Dec 2021 £'000
Cash and cash equivalents	12,131	493	12,624
Senior loans	(344,495)	(35,558)	(380,053)
	<u>(332,364)</u>	<u>(35,065)</u>	<u>(367,429)</u>

27 Ultimate Controlling party

The immediate holding company is Picnic Holdings Limited (formerly "Ellerman Holdings Limited"), a company incorporated in Jersey and the ultimate parent company is Green Park (No. 1) Limited which the directors regard as being ultimately controlled by Mr Abdulhadi Al-Hajri. The immediate holding company was formerly controlled by Sir David and Sir Frederick Barclay Family Settlements. The change in ownership took place on 25 March 2020. Also as part of the sale any intercompany balances between Picnic Holdings Limited (formerly "Ellerman Holdings Limited") and B.UK Limited have been settled.

Green Park (No. 1 Limited) is the only group to consolidate these financial statements at 31 December 2021. The financial statements of Green Park (No. 1 Limited) can be obtained by writing to 150 Piccadilly, London W1V 9DG.